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Chief Gates Leads the Swoop Los Angeles Police Seize 3 in Trucker Beating

By Lou Cannon and Avis Thomas-Lester
Washington Post Service
LOS ANGELES — Police and FBI agents arrested four gang members Tuesday for the savage beating of a truck driver that became a symbol for the riots that rocked the city.
The police chief, Daryl F. Gates, who was widely criticized for the police performance in the riots, led one of these "very, very, vicious crimes" would stand in part for the failure of the police to rescue the truck driver, Raymond Denny, as he was filmed from helicopter while being beaten. Friends who saw the beating on a television screen rushed out to get Mr. Denny to the hospital.
Mr. Denny, 36, who is still hospitalized, was pulled from his truck on April 29 and beaten in the early hours of three days of rioting. Though the widely broadcast tape of Mr. Denny's beating came to symbolize the riots in many people's minds, it was unrepresentative of the overall violence, most of whose victims were minority group members. All those arrested Tuesday were black.
Mr. Gates was in good spirits after taking part in the arrest of one of the suspects, Damien (Football) Williams, 29, who wanted very much to personally arrest him," said Mr. Gates, who put the handcuffs on Mr. Williams in a 200 arrest. "I did it all by myself, with the aid of about 200 police officers and the FBI."
Mr. Denny was the most seriously injured of several

motorists who were attacked in the south-central neighborhood where rioting broke out hours after a jury acquitted four white Los Angeles police officers charged in the beating of a black motorist, Rodney G. King, last year.
The four men arrested Tuesday are members of a black street gang known as 8 Tray Crips, according to a FBI special agent, Charlie J. Parsons. Arrested in addition to Williams were Henry Keith Watson, 27, and Antoine Eugene Miller, 20. Mr. Miller was identified as "an associate" of the gang who has not yet been initiated.
A fourth suspect, Gary Williams, 33, turned himself in at the 77th Street police station later in the day.
The three suspects arrested in early morning raids at six locations, were booked for investigation of state charges of attempted murder, mayhem, robbery and torture and federal charges of interfering with a vehicle engaged in interstate commerce, said Lieutenant Bruce Hagerty. He said that federal charges may also involve violations of civil rights and riot-related activities.
Mr. Gates said that Damien Williams was suspected of throwing the brick. "He said 'Chief Gates, you are going,'" Mr. Gates told reporters, recounting his conversation with the suspect. "And I said, 'Yeah, Football, but you are going first.'"

Violence flares near White House, Page 3.

A Bipartisan Drive to Aid the Cities As Democrats Respond, Bush Pushes Stalled Programs

By Ann Devroy
Washington Post Service
WASHINGTON — President George Bush and congressional leaders put aside partisan arguments Tuesday to jointly pledge swift action on a package of programs to aid the cities.
But fundamental differences remain over how much to spend and how to pay for the effort.
Sponsored in cooperation by the riots in Los Angeles, the White House said it would declare a budget emergency to gain congressional approval for aid from the Small Business Administration and the Federal Emergency Management Act for up to \$800 million.
Some sources in the administration and Congress saw that declaration as an opening to a wider emergency declaration to allow spending beyond the domestic levels allowed in the budget agreement.
Under such a declaration, the government does not have to produce cuts in some domestic programs to pay

for new ones. The increased spending is added, instead, to the deficit.
Congressional Democrats had offered their own urban agenda Monday, saying that they and the president "could work together."
In a four-page letter, Democratic leaders appealed for bipartisan support on a broad range of legislation to help cities, including an extension of unemployment insurance, passage of the crime bill pending in the Senate, more transportation spending and expanded housing programs.
But funding questions remain unclear.
"The maneuvering over how much more to spend and how to pay for it is just begun," said one administration official, predicting that Mr. Bush would be "under siege to open the budget agreement up" by advocates both inside the administration, such as Jack F. Kemp, secretary



RUSSIAN HEALTH DEMANDS — Doctors and nurses demonstrating Tuesday near Red Square in Moscow. They threatened to strike if the Russian government did not give them a tenfold pay increase and release funds for hospitals. Their average salary is 1,000 rubles a month, about \$10 on the free market.

Social Democrats Aim at Kohl Amid Latest German Strike Threat

By Richard E. Smith
Washington Post Service
FRANKFURT — A new wave of strikes loomed closer in Germany on Tuesday as the country's largest union gave employees an ultimatum to better their pay offer by this weekend or face work stoppages.
Meanwhile, the opposition Social Democrats lashed out at the governing coalition and predicted its downfall for failing to rein in soaring budget deficits or deal with pressing social problems.
The Social Democratic leader, Björn Engholm, said the coalition's "collapse is programmed" and that his party would hasten its work to complete an election manifesto this

summer. Previously it had been due for completion late next year to be ready for regularly scheduled elections in 1994.
On the labor front, IG Metall said it would decide Monday whether to call a strike ballot of its 4 million metalworkers if employers fail to budget from their pay offer of 3.3 percent. A strike could begin as early as May 25, union officials said.
The union is asking for 9.5 percent, and the union chief, Franz Steinhilber, said Tuesday that it would not settle for anything below 6 percent.
The ultimatum capped weeks of negotiations that have become progressively more heated and bitter. Mr. Steinhilber threatened that a

failure to respond by employers would "radicalize the social confrontation to an unprecedented degree."
A strike by West German printers also appeared nearly inevitable after a fourth round of talks broke down in Munich on Tuesday. Leaders of the 225,000-member union said they would propose a strike ballot while employers called for a mediator.
Employers are offering 3.3 percent while the printers, organized in one of Germany's most militant unions, are asking for 11 percent.
Spot warning strikes by metalworkers and printers continued on Tuesday. IG Metall said that more than a million metalworkers had

taken part in such strikes over the last two weeks.
The strike wave was ushered in by public workers, who struck for 11 days before union leaders recommended last Thursday that the rank and file accept an offer of 5.4 percent.
Chancellor Helmut Kohl had long asserted that the government could afford no more than 5 percent and said Monday that the final settlement of 5.4 percent even though negotiated by his own interior minister, could not be taken as a model for the private sector.
Even this settlement is not yet assured because rank and file union members must vote this week whether to accept it.
Heinrich Weiss, president of the German

Sea Change for Japan Inc.: This Economy Is Different

By James Stengold
New York Times Service
TOKYO — Sadahiko Hidaka recently took a few minutes to tally the costs of Japan's economic downturn on the metal fabrication company he heads.
He said he expected his company's sales to drop 20 percent this year from last year's \$15 million because of cutbacks by his customers, which are big manufacturers such as auto, shipbuilding and weapons companies.
But Mr. Hidaka said he did not plan to lay off any of his 130 employees or to close a plant. The most visible sign of adjustment may be that Mr. Hidaka has decided not to replace his company's almost-new autos this year.
The responses of companies such as Mr. Hidaka's, a subcontractor at the core of Japan's industrial machine, make the looming economic downturn puzzling to many in the West, where a slumping economy means unemployment, plant closings and cost controls.
But even if Japan's unemployment rate does not rise much above its current level of 2.1 percent, a powerful sense of anxiety underlies the thinking of most business executives these days. Economists are warning that this could

prove to be the deepest recession in several decades, particularly for Japan's manufacturing sector.
Perhaps worse, there are signs that companies such as Mr. Hidaka's face a daunting task because their markets are not simply weak, but changing. The lack of unemployment is concealing other problems, many observers said.
"The key thing to be watching is not whether there is unemployment, but whether people are cutting their expenditures," said Richard Koo, an economist at Nomura Research Institute.
"That is why we are getting more and more worried about where we are going," he said. "Some indicators may be holding up, but my feeling is that they are barely holding up."
For instance, although nobody is being laid off at Hidaka Seiki Co., Mr. Hidaka's concern, all overtime has been stopped, which means that workers are losing a significant portion of their income and spending power. The company also is squeezing suppliers by placing fewer orders, another blow to wages and spending.
The company cannot resort to its old cure-all — an export drive — to bolster sales. Weak markets overseas and political pressure at home



QUEEN, IN STRASBOURG, DEFINES EC UNITY — An usher assisting Queen Elizabeth II before she gave a speech Tuesday to the European Parliament in Strasbourg, her first appearance at that organization in more than a decade. Parliament's president, Egon Klepsch of Germany, is at right. The British monarch promoted EC unity, but with options for disagreement. Page 2.

Florida Fishing: The Cast Duel Between Sports and Commerce

By William Booth
Washington Post Service
NAPLES, Florida — Although they have never met, they have things in common: Both love to fish, and they hate each other's guts.
Ray Thornton is a commercial fisherman. Frank Gumpert is a sports fisherman. One man goes to sea in a mullet skiff, the other in a sleek 32-foot (15.5-meter) Hatteras. The ocean is not big enough for both of them.
They are the two faces of Florida, the old-timer and the new arrival. Both men are sincere, intense and stubborn, and both believe the other is to blame for the ruination of the state and the depletion of its once bountiful waters.
Facts about how many fish there are, and who is responsible for depleting their numbers, are difficult to obtain and frequently in dispute. But Mr. Gumpert and thousands of other sports fishermen contend that men like Mr. Thornton are catching all the fish; they want the commercial fishermen stopped, and they will probably succeed.

"They are disliked by everyone," Mr. Gumpert said of commercial fishermen. "By every segment of society — by the tourists on the beach, the charterboat captains, the wind-surfers, the homeowners. They're an affront to the way the world is now."
"They're rotting the boys," he said. "They're taking everything."
"It's the damn doctors and lawyers and Yankees that have killed the fishing," he said. "Not me."
Yet, bit by bit, small-scale commercial fishing is disappearing along the coasts of Florida and the rest of the country, a victim of dwindling supplies and conflicting demands, of changing attitudes and changing times. A way of life that some see as wasteful, others as noble, is passing.
A powerful Florida coalition of conservation organizations and recreational fishermen seeks a ban on using fishing nets close to shore, just as

U.S. Joins EC In Increasing The Pressure On Belgrade Ambassador Recalled; 52-Nation Conference Suspends Yugoslavia

By Blaine Harden
Washington Post Service
BELGRADE — The United States on Tuesday recalled its ambassador from the new Serb-dominated Yugoslavia as Washington joined a Western protest against Serbian military aggression in Bosnia-Herzegovina.
As part of that protest, the 52-nation Conference on Security and Cooperation in Europe agreed Tuesday to suspend Yugoslavia until the end of June from all decisions on the future of Bosnia. It was the first time the organization had acted without unanimous consent, with Yugoslavia as the lone dissenter.
A Conference declaration criticized Yugoslavia for "clear, gross and uncorrected violations" of its standards on the acceptable behavior of European nations. The new Yugoslavia consists only of Serbia and its tiny ally, Montenegro.
Western diplomats here said the U.S. government and the European Community, which on Monday ordered the recall of all its ambassadors, had embarked on a long-term joint strategy to weaken and discredit the hard-line nationalist regime of the Serbian president, Slobodan Milosevic.
Diplomats said that if the Serbian leader did not change his policy in Bosnia, where Serbian forces in the past six weeks have seized 70 percent of the republic's territory, the West would use diplomatic isolation and economic sanctions to convince the Serbian people that it was in their interests to topple Mr. Milosevic.
The EC on Tuesday withdrew its last 12 monitors from the besieged Bosnian capital, Sarajevo, saying the city had become too dangerous for them to work. Serbian forces had been harassing them for weeks, often stopping them at roadblocks and holding them at gunpoint.
Describing Mr. Milosevic as "the slickest con man in the Balkans" and "a Machiavellian figure for whom truth has no inherent value," several angry Western diplomats said Tuesday that Washington and the EC were fed up with arranging cease-fire fires that Mr. Milosevic and his lieutenants continually ignore.
Officials at Western embassies here said that Mr. Milosevic, using his "extraordinary personal charm," had managed to deceive senior Western statesmen working to end the fighting into believing that the Serbian government was serious about peace negotiations.
"Milosevic plays by different rules than other European leaders," a diplomat said. "But that has been realized. He is not going to get away with it anymore."
Diplomats said that in coming weeks and months, barring a change of policy in Belgrade, the new Yugoslavia will be denied international recognition, its memberships in the United Nations, the World Bank and the International Monetary Fund will be challenged and tough economic sanctions will be imposed.
But even as the diplomats described attempts by the West to pressure Serbia, they acknowledged that they were unlikely to produce quick results against Mr. Milosevic, who has shown a genius in using his state-controlled media to appeal to the nationalist sympathies of the Serbian people and misled them about what is happening in Bosnia.
"There is no silver bullet that can bring immediate results," a diplomat said. "We are in for a long period during which Milosevic will be isolated. It could take a year."
He said that the West must overcome "a rather remarkable example of mind control through manipulated media."
"What we hope," he continued, "is over the long term it will be clear to the Serbian people

See BOSNIA, Page 4

Belgium Holds A Journalist as Spy for Moscow

By Roger Cohen
New York Times Service
BRUSSELS — In a 37-year career as a writer for a leading Belgian newspaper, Guido Kindt developed a reputation as an aerospace expert. So it was not surprising when he recently developed a close friendship with Belgium's first astronaut, who was aboard the Atlantis shuttle that completed a 10-day flight on April 2.
So close was the friendship with the astronaut, a physicist named Dirk Frimout, that Mr. Kindt was the only Belgian journalist invited to a party held for the Atlantis crew in Houson on April 5. Mr. Kindt returned to Brussels on April 7, and three days later was arrested on charges of spying for the former Soviet Union and for Russia.
"We were holding our regular morning news meeting when eight policemen burst in," said Mark Dewert, editor in chief of the paper De Standaard. "They had already arrested Kindt at his home, and they came in with him, searched his desk and removed papers. He was a quiet, solid journalist and the last person you'd suspect of anything like this."
Senior officials here said that Mr. Kindt was part of the largest Belgian spy ring broken up since the collapse of the Soviet Union last year. Moreover, the espionage, aimed mainly at military technology and industrial targets, continued unabated under the government of President Boris N. Veltus until the arrest of Mr. Kindt and five other Belgians in April.
When Mr. Kindt was arrested, four Russians, including two diplomats, were expelled. Two weeks later, on April 23, a Belgian electronics engineer, Alain Brienne, was charged in Paris with spying for Russia. French officials said the

See SPY, Page 4

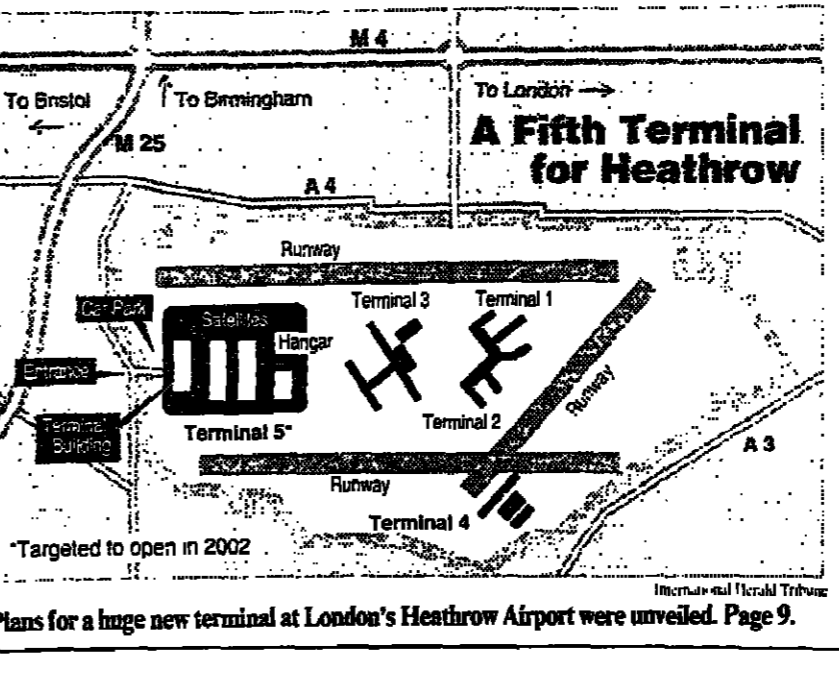
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Kiosk

Germany and France Outline Military Unit

BONN (Reuters) — Germany and France have agreed on the outlines of a joint military corps that would serve as a model for a future European army, Bonn government sources said Tuesday.
They said Chancellor Helmut Kohl and President Francois Mitterrand would sign a treaty on the creation of the corps at a meeting in La Rochelle, France, on May 21 and 22. Under the agreement, other EC members would be asked to provide troops for the 35,000-member corps, they added.
Dow Close
3,385.12
Down
12.46
The Dollar
In New York
DM 1.6242
Pound 1.8118
Yen 130.65
FF 6.45



Plans for a huge new terminal at London's Heathrow Airport were unveiled. Page 9.

See FISH, Page 4

Crossword Page 8.

LD BRIEFS

lots' Testifying in U.S. ... (Reuters) — The U.S. ambassador ...

Deaths that resulted when two U.S. ...

as Lead in Manila Vote ...

Release of Oswald File ...

Attend 'Earth Summit' ...

Food Aid to Lebanon ...

With Mideast Talks ...

EL UPDATE ...

Asia ...

Today ...

Africa ...

Latin America ...

North America ...



EX-FIRST LADIES MEET — Nancy Reagan, left, and Raisa Gorbachev comparing Fabergé ...

AMERICAN TOPICS

Texas Lawyers Don A Liability Shield

With legal malpractice lawsuits multiplying and the U.S. government chasing down law firms involved in the savings and loan debacle, Texas lawyers have come up with new armor: the limited liability partnership (LLP). The Washington Post reports.

Passed by the Texas legislature last year, the statute allows law firms to become "LLPs" to protect the personal assets of uninvolved partners when a malpractice case is filed against their colleagues. While the firm's assets and the personal assets of targeted partners still would be at stake, nobody could go after an uninvolved partner's personal wealth.

Most law firms are general partnerships. If insurance fails to cover a malpractice judgment, all the partners are personally liable. Not surprisingly, many of Texas' largest law firms have rushed to add LLP to their letterheads.

"Lawyers get excited a lot more than they used to, sometimes on frivolous claims, sometimes on valid claims," said John Chappin of Vinson & Elkins. "We have been very fortunate but we

don't believe we're bulletproof. So we want to do everything we can to protect ourselves."

Short Takes

Alaskans' risk of getting killed at work is nearly five times greater than that of workers in any other state, according to the National Institute of Occupational Safety and Health. Experts say the state's relatively small population is a factor, as are the inherent dangers of outdoor occupations in some of the harshest working conditions on Earth. Workplace hazards kill 7.2 of every 100,000 U.S. workers per year. Alaska's rate is 33.1. The agency says the three most dangerous jobs in Alaska are commercial fishing, logging and aviation.

Congress may not be ready to accept James Madison's constitutional amendment barring members from voting themselves midterm pay raises unless several states ratify the 203-year-old document again. The 1789 amendment was ratified by the 38th and 39th states — one spare — only last week. But Representative Don Edwards, a California Democrat, is introducing a resolution saying that it should be sent back to eight states that approved it so long ago that experts wonder whether their ratifications should count. "Precedent and good sense require the states' approval of an amendment to be contemporaneous," he said. However, a competing

resolution, by John Boehner, Republican of Ohio, calls on Congress to express its opinion that the amendment is now ratified.

The "sophisticated alibi" of Marlene Dietrich, who died last week at 90, was defined by Charles Champlin of the Los Angeles Times as the "slightly mocking of sex as a game and leaving no doubt that what really counted was a woman's spirit — mysterious, amusing, intelligent, provoking thoughts of partnership rather than conquest (until, perhaps, the gas was that they had been conquered)."

The adjective "American" was included in the names of 62 new food products introduced in the United States last year, according to New Product News. Forty-seven new products, from dips to chips, identified with Texas. But not one bore the name of New Jersey. The New Product News editor, Martin Friedman, said, "I've been doing surveys on new products for 27 years, and I can't recall a product being named after New Jersey." This state of affairs does not sit well with New Jersey officials, who last month began a new tourism publicity campaign with the slogan, "New Jersey, You Should See Us Now." Ira N. Bachrach, a specialist in commercial names, complained that, "People will choose Iowa before New Jersey and there is nothing in Iowa."

Arthur Higbee

An Arrest Touches Off Violence in U.S. Capital

Compiled by Our Staff From Dispatches WASHINGTON — Unrest touched off by the arrest of a man for fighting in a restaurant continued into early Tuesday in a poor, largely Hispanic neighborhood that was the site of three days of violence a year ago.

The police responded overnight to scattered incidents of bottle-throwing and small fires and made eight arrests for disorderly conduct in the multiethnic Mount Pleasant neighborhood, about two miles (three kilometers) from the White House and just east of the National Zoo.

A truck was set on fire, but several hundred police patrolling on foot and in cruisers maintained control. The outbreak Monday, in which dozens of people threw rocks and bottles, set small fires and looted a convenience store, began about midnight when a group of bystanders argued with the police officers as they arrested the man for fighting.

While Mount Pleasant is largely populated by Hispanic immigrants, it is also one of Washington's most culturally diverse neighborhoods. Although the man who was arrested is Hispanic, the crowd was made up of Hispanic, black and white residents, witnesses said.

On Monday, local community leaders organized civilian patrols and asked stores and restaurants not to sell alcohol after 3 P.M., and the police blanketed the neighborhood with dozens of extra officers.

The Mount Pleasant commercial strip was filled Monday with police, including 20 motorcycle patrols, additional foot patrols and six patrol cars. By late afternoon, they were joined by a citizens patrol of more than 100 black, white and Hispanic residents, wearing green armbands. Some carried walkie-talkies.

No curfew was imposed, but community leaders vowed to cut short any unrest.

Residents and local merchants complained that the police were slow to respond to the disorder after making the arrest that set off the unrest. (WP, NYT, AP)

U.S. Delayed Report on the Wage Gap

By Jason DeParle New York Times Service WASHINGTON — The government has released a report showing that the percentage of full-time workers who earn less than \$12,195 annually grew sharply in the last decade, a period of economic expansion that brought new prosperity to the affluent.

The report, compiled by the Census Bureau, was quietly made public after bureau officials argued for months over how much attention to draw to the findings.

Dated March 1992, the report was officially released Monday only because government printers had begun last week to distribute it through the mails.

"It is unusual — indeed, unprecedented, in my experience — to have such a delay," said Daniel Weinberg, chief of the bureau's Division of Housing and Household Statistics, which wrote the report.

Mr. Weinberg fought unsuccessfully to have the report issued with a news release, highlighting its findings. But public affairs officials first refused, and then drafted several releases that the report's author, John

McNeil, a Census Bureau statistician, rejected as unacceptable. Asked why there was a sensitivity to its findings, Mr. Weinberg said, "This is not good economic news. Any administration

"This is not good economic news. Any administration would be sensitive about economic news."

Census Bureau official would be sensitive about economic news." But Karen Wheelers, chief of the bureau's public information office, said political considerations played no role in her decision about when or how to make the report public. She said she decided that its findings were too similar to a report issued in February to merit its own news release.

The dispute is an unusual one for the Census Bureau, which has tried to preserve a reputation for staying out of politics, and researchers said Monday that they hoped it was not a sign of things to come.

Both Mr. Weinberg and Ms. Wheelers are civil servants, not political appointees.

The report found that the percentage of full-time workers who earned less than \$12,195, or \$6.10 an hour, for someone working 40 hours a week 50 weeks a year, declined in the 1960s, was stable in the '70s and rose sharply in the '80s.

Those numbers, which are expressed in 1990 dollars and adjusted for inflation, are meant to approximate the salary a worker would need to lift a family of four out of poverty.

In 1979, 12.1 percent of all full-time employees earned below \$12,195. By 1990, that figure had risen to 18 percent.

The increasing likelihood of earning \$6.10 an hour or less was shared by a broad range of Americans; men and women, whites and minority members, married couples and single parents, and those with and without a high school education.

After Riots, Californians Set Gun Sales Record

Los Angeles Times Service LOS ANGELES — Spurred by public fears after the worst rioting in Los Angeles history, handgun sales in California are on a pace to set the highest one-month total since records were first compiled in 1972, a state Justice Department official said.

Gun sales numbered 16,000 in California for an eight-day period immediately following the rioting, compared with 10,500 for the same eight days in 1991, said Shelley Rife, a manager in the Justice Department's Firearms Program.

Handguns were especially popular, accounting for 11,300 of the 16,000 total sales, she said. At the current rate, the volume could surpass the single-month record of 38,040 handgun sales set in March of 1981, when a state ballot measure was being proposed to severely restrict the sale of handguns, Ms. Rife said.

Gun shops in Los Angeles, where an edgy public feared further outbreaks of rioting as National Guard troops were withdrawn from the streets, reported sales increases of 50 percent to 500 percent in the first few days of May. Some shop managers said they were having difficulty keeping popular

handguns, rifles and shotguns in stock.

"They're buying everything from shotguns to 9 millimeters," said the manager of a store in the San Pedro harbor area, where gun sales were three or four times higher than normal. "It's scary. They're buying guns they're going to carry on them. A lot of people are scared; now they're going to defend themselves. Some of these people have never held a gun or even seen a gun up close."

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Business is a good excuse to get a suntan. For where else can I sip Dom Perignon while sunbathing aboard a yacht and still receive the latest waves from Wall Street.

El Salvador Carbs Electricity. SAN SALVADOR — El Salvador Monday instituted six hours a day of electricity rationing. Last year's drought is expected to force the biggest hydroelectric facility to stop production in a week.

SPORT. Van Cleef & Arpels. "la collection". PARIS, GENEVE, BRUXELLES, CANNES, MONTE CARLO, MILANO, ROMA, BEVERLY HILLS, HONOLULU, NEW YORK, PALM BEACH, OSAKA, TOKYO, HONG KONG, SEOUL, SINGAPORE.

Chief of Teamsters Endorses Clinton

Union Is Told Past Support for Bush Brought Nothing

Compiled by Our Staff From Dispatches SAN FRANCISCO — The head of the Teamsters union has endorsed Bill Clinton's candidacy, giving a boost to the Arkansas governor, who is favored in Tuesday's presidential primaries in Nebraska and West Virginia.

President George Bush, who has clinched the Republican nomination, and Mr. Clinton were heavily favored in both contests, where a total of 56 Democratic and 42 Republican delegates were at stake.

President Ron Carey urged Teamsters to back Mr. Clinton for the Democratic nomination for the president. "The last 12 years it's

been Reagan, Reagan and Bush," he said. "I think that was wrong. What did we get for that support? Nothing."

Mr. Carey opened a two-day national conference of the union in San Francisco on Monday by criticizing the Bush administration.

"George Bush has pursued an economic policy that has put millions of Americans on the unemployment line, with little hope of finding good, secure jobs," Mr. Carey said. "Those unemployed are a constant reminder that if you don't want to work on a corporation's terms, someone else will."

The conference was to vote on an endorsement Tuesday, but Mr. Carey said the final word would not come for "three or four weeks" after a poll of 2,000 to 3,000 general members.

Mr. Clinton told Teamster leaders he would begin a three-stage attack to try to bring life to the nation's sluggish industrial sector. He said he would give labor a far greater voice on the National Labor Relations Board and sign into law legislation outlawing the hiring of replacement workers for strikers. (UPI, AP)

U.S. Tax Quarrel Delays Lotto Syndicate Payment

Washington Post Service RICHMOND, Virginia — After winning its bid for a record \$27 million Virginia lottery jackpot, an Australian gambling syndicate has yet to collect a dime because of a squabble with state and federal officials over whether it owes taxes on the prize.

The Internal Revenue Service and the state Taxation Department have instructed the lottery director, Kenneth W. Thorson, not to make the first of 20 annual payments to the International Lotto Fund without first withholding more than a third of the award — a 30 percent cut for U.S. government taxes and 4 percent more for the state.

The Melbourne-based lottery fund countered that a treaty between the United States and Australia dictates that it does not owe any federal taxes, and that there is no basis in Virginia law for withholding state taxes. In other words, the group says it owes nothing except whatever tax may be due in Australia.

WORLDWIDE ENTERTAINMENT. CRAZY HORSE jubilee show.

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is? Or Lyon?

and should not discount "a phenomenon... include."

ment of Mr. Tapie to solve urban problems... among Arab youths.

ere a few years ago asking for more... he would take us out for an excursion... so we could see how the rich people... "Well, we're still waiting for our... anything else he has promised."

ite backlash also are becoming clear... Front posted its best showing in... elections by capturing nearly a quarter... the Marseille area. The Front favors... immigrants and wants to grant French... basis of blood ties rather than residence...

me, a Marseille sociologist, said that... 's support came, ironically, from the... Ferruguese, Spanish and Italian... further anti-Arab resentment and feel the... strategy may be jeopardized.



9 when the Los Angeles rioting began

Drive to Aid the Civil

with... and other standards would be... eligible.

Congress and the White... already disagree over how... such zones would cost, since... provide a variety of tax benefits... induce businesses into areas... would normally shun.

Democrats put the cost in... the revenue much higher than... White House does, and Mr. De... man said Monday that the... would produce another... of debate over the costs. But... and White House... and the consensus around... such zones was... on any other current... proposal.

of Ukraine Summit Trip

He is lagging behind... represents the old thinking... the president to the guarant... of Tajikistan," said... Muslim leader, Qazi Akbar... according to the... news agency. "We fear his... would lead to disorder... in the republic."

Royal Muslim groups... Tuesday in the southern... of the republic. Dushanbe... met at a military base... Tajikistan's new 24-member... government.

Disorder and fighting... in several conflicts in... republics. Armed... surrounded the Azerbaijani... building in Baku, according... wire reports, to protest... Azerbaijani military losses... hands of Armenian fighters.... Armenian have been... with Muslim Azerbaijanis... of Nagorno-Karabakh... mountainous enclave within... baysan that is populated... ethnic Armenians.

Azerbaijani troops... towns and villages along... with Armenia, killing... and wounding 12, the... news agency reported Tuesday.

And at least four... fighting between Georgian... and the breakaway... South Ossetia, according... news reports.

Russian officials... the Tashkent meeting... agreements on the rights... individuals and ethnic... With as many as 25... ethnic Russians living... but within the former... Union, the issue is... to Mr. Yeltsin and his... ment.

Officials also hope... treaty promoting... among the new... of the commonwealth... republics.

Defense ministers... met in Tashkent... to work out a... new security... place of the united... former Soviet Union... had hoped that... would take up the... of division of Soviet... and military assets, an... that Mr. Yeltsin... during the last... meeting in Kiev in March.

But Ukrainian... officials, who... send Prime Minister... to Tashkent, could... that the matter... raised this time either.



Some companies search the four corners of the world for the most advanced telecommunications technology.



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OPINION

The East German Past Is Hard for West Germans to Bear

By William Pfaff

PARIS — It seems strange that Germans are making such heavy weather of the economic problems of reconstruction. These are the good problems, the constructive ones. The bad problems are elsewhere, and less easy to talk about. This renunciation would be expensive was obvious from the start. Helmut Kohl made a bad economic decision when he exchanged Eastern for Western chronicles at a 1-to-1 rate, although it was a profitable political decision, guaranteeing him success in the elections that followed reunification. The challenge inside the cost of reconstructing the East higher than it should be, and wiped out the one comparative economic advantage that the former Democratic Republic possessed, low labor costs. He is paying the political price now for telling German voters that reunification would cause them no pain. Dr. Springer's regular poll on political attitudes shows that on a 1-to-5 scale, the government's approval rating is 1.3. The Christian Democrats are less popular than the opposition Social Democrats, but neither has more than 40 percent confidence. Strikes have now seen German workers demanding wage raises to meet the tax rises that are the price of reunification. The outcome could be inflation and depression of the economy (and the other Western economies as well), since the Bundesbank will keep interest rates high. It is natural enough for German workers to dislike paying for reunification, but why do they think it would pay? Reunification, reconstruction is going forward. As much construction activity in the East, repairing the public infrastructure. Service industries, particularly financial services, are developing rapidly, thanks to the well-educated East German labor pool. The social costs of unemployment have been contained, although without the state's intervention the real rate of unemployment would probably be as high as one-third of the active work force. It may take a generation before it is completely incorporated into the Western economy, but Eastern Germany is on its way. The West Germans will get today's investment back, and more, as Germany becomes richer and stronger than ever. So why are they unhappy? One is led to ask if their

been contained, although without the state's intervention the real rate of unemployment would probably be as high as one-third of the active work force. It may take a generation before it is completely incorporated into the Western economy, but Eastern Germany is on its way. The West Germans will get today's investment back, and more, as Germany becomes richer and stronger than ever. So why are they unhappy? One is led to ask if their

reaction of seeming ingratitude at reunification, or even resentment that it took place, is not really a reaction against the political dimension of what has happened. Reunification revealed an East German moral catastrophe much worse than the tangible wreckage left behind by four decades of German socialism. And reconstruction on that plane is much harder than remaking the economy. Reunification, for one thing, has released powerful xenophobic and racist sentiments in the East,

anywhere else in the Soviet bloc. The larger dramas have been widely reported; husbands who spied on wives, wives who spied on husbands, dissidents spying on other dissidents, pastors on other churchmen, eminent scientists, artists and scholars obediently reporting on their colleagues, doing it not only for private advantage but also because it was their "duty." People have spoken of a new "treason of the intellectuals." Contingency plans existed to round up and place in camps up to 100,000 "reactionary church members," "representatives of marginal social groups," "applicants for exit visas," "negative decadent youths," etc. The writer Amos Elon observes that English translation fails to convey the "chilling" depersonalized bureaucratic terminology of these descriptions in the original German. The list would have required little amendment to have served the Nazi SS for rounding up its internal enemies. This community is the reason reunification has produced so stark a political shock upon the West German consciousness. There is a sense that reunification has unearthed something too terrible to contemplate. The West Germans believed that they had, themselves, come to terms with the German past, and indeed had put it past — that all that was over, with the new Germany now part of a new Europe. But here, now, spilling out of the archives, is evidence that it wasn't over at all. It was all still going on in Eastern Germany right down to the final minutes before the Berlin Wall came down. This seems too awful to think about. It is why West Germans today are behaving as if they are in shock. International Herald Tribune. D. Los Angeles Times Syndicate.

Teach the Mommy-to-Be That the Job Is No Snap

By Anna Quindlen

NEW YORK — I think someone who has a baby doll that crawls and falls, but it does not fall against the leg of the coffee table, gash its little head and need to go to the emergency room at the same time that the twins are in the tub. No Colicky Cathy, who wails all night unless you walk her. No Adolescent Alex, who does not speak for six months and then breaks the silence with a call at 1 A.M. informing you that he's gotten popped on a DWL. No real-life Mommy games. The job that seemed so easy when the babies were plastic turns out to be the hardest one you ever have when they are flesh and blood. The world is full of women blindsided by the unceasing demands of motherhood, still flabbergasted by how a job can be terrific and torturous, involving and utterly tedious, all at the same time. The world is full of women made to feel strange because what everyone assumes comes naturally is so difficult to do. No doll teaches this. The best exercise in understanding it is one sometimes given high school kids. They are handed an egg on a Friday and told they have to take care of it all weekend. Most start out with enthusiasm, naming their eggs, dressing them, drawing little faces on their blank white faces. But soon it begins to pall. They hunt around for someone to love their egg so they can go out. Some guys try to talk girls into lending their egg. One boy I read about hand-bled his egg and carried it around blithely in his pocket. I'm nervous about his prospects as a father, but I'm convinced that he'll become a U.S. senator. By Monday morning the eggs are broken. We rarely admit that carrying something with you, in your pocket, is one tough task. I wonder sometimes how the 14-year-old and her dim friend wound up managing it, or if they did. The thing I find most annoying about this Mommy-to-Be doll is that she has a smile frozen on her face. Take off her big, pop-out her baby, and she smiles and smiles. So simple. Motherhood is a stretch mark. No varicose veins. No pot belly. No problem. No way. The New York Times.

The Los Angeles Events: Verdicts From Europe

Regarding the opinion columns "America: Don't Need to Apologize for a Jury" (May 3) by William Safire: I was surprised to learn that the French system "does not give the accused the presumption of innocence." That is a very common error, but it is rather surprising coming from Mr. Safire. He needs to brush up on his code phrase the next time he wants to refer to the French judicial system. As for the rest of his opinion column, it seems to me that even if it is not the time for self-flagellation, nor does it seem to be the right time for self-congratulation. There is obviously something wrong in America, even if it has nothing to do with one of the best judicial systems in the world. PHILIPPE FOUCHER, London. Mr. Safire misses the point. The question is not whether the jury system is good or bad, but whether the verdict delivered in this case was racist or not. It clearly was. Only the jury system can protect defendants from unjust conviction. Mr. Safire argues. There again he is wrong. Racism works both ways: Jurists often do not hesitate to convict a black person on the basis of most shaky evidence. Thousands of cases prove it. WALTER BERTSCHINGER, Zurich. "We must respect the process of law, whether or not we agree with the outcome," President George Bush says. Mr. Safire calls this courageous and responsible, Lincoln. But I thought Lincoln fought the Civil War to change the laws that condoned lynching. If it is a sign of courage and responsibility to condemn the assault and battery of an unarmed man by a group of police officers, and if the law cannot protect all citizens, guilty or innocent, from official barbarity, then what is the difference between America and a Third World dictatorship? CHRISTINE S. FREMANTLE, London. Bravo for Mr. Safire's May 5 column. I find it the most lucid and penetrating of comments I have read on the Rodney King affair and its horrendous sequel. This piece offers a positive approach toward seeking a solution to a problem of American society. The approach represents the kind of rationalism that hopefully will prevail. JOHN CRABB, Ferny-Voltaire, France. It has been implied by some race relations "experts" that the rioting was the unfortunate "price" that had to be paid for a court decision deemed unfair. But no such linkage can be made. Two wrongs do not make a right. ANTHONY PAUL MARTIN, London. The White House asserts that the root problems of inner city difficulties were started in the 1960s and '70s by the Democrats and their welfare policies. Why, then, did the Reagan and Bush administrations not come forth with alternative policies to address the daunting inner city problems of the '80s? Was it their belief that "pride in the community" could exist only if that community were completely neglected and left to its own devices, as communities were in the last decade and still are today? JAKOB FUNKENSTEIN, Hamburg. The real starting point was the high-speed chase, a policy increasingly forbidden to police in many American cities for routine traffic offenses. The perpetrator can often be apprehended by radioing ahead for an intercept, or by the less spectacular means of tracing his license number. Even if he escapes retribution, that is a small cost to society compared with hot pursuit in urban areas, where the "criminal," his passengers, the police officers and innocent bystanders are all at risk far beyond the merits of the offense. GERALD E. DIXON, Geneva. Murderers Might Sear In response to the editorial "A Barbaric Conclusion" (April 23): For decades I have been addressing granite walls about my belief that many convicted murderers, if given an opportunity, may most likely react favorably to an opportunity to save a life in atonement for the senseless taking of one. This, of course, could most effectively be achieved by serving medical science in experiments, in lieu of innocent animals. RUDOLF VOLL, Hong Kong.

LETTERS TO THE EDITOR

And it occurs to me that I am locked in plaster, and in great pain. That may not have been the case for most Americans before Los Angeles, so perhaps the healing can start. But we Americans have a way. We still have to learn to do things that tell us we are finished. The whole body is rotten through and through so we might as well let it rot in overdose of this new narcotic — rage. And so far, no candidate for the presidency has been willing to do what it will take in sacrifice and discipline to walk pain-free. Many want for instance, is willing to let that raise the money that the Americans now believe is needed to repair the cities will mean higher taxes. God. If he has extra money to spend, certainly more deserving places than earth, which is a body that because of incurable disease has the self-inflicted wounds of drugs, debt and self-pity. And the self-inflicted wounds need to be treated. Americans have a chance at decent cities and a job will not be found by piling costs and the military. So, although the country is so big, it is self-appalled that it was Los Angeles. It keeps getting the same false answers from its politicians, and that is bad medicine. Americans are told: Choose the strong law and order or strong rights. Why? They should be named in a free country. And they are when police act toward all: they shared their skin color, it remains to know that punishment is to come as the night of the. Either government action or individual and community responsibility. Why? Among members of the government, some welfare systems of the New York's community school district. Where is it? It is a school that says that towards individual responsibility in private enterprise, disabilities in business and education, also promote individual responsibility among poor students of government help. And we get the false claim of cutting waste and military spending or raising taxes. Why, when significant comes up with a balance sheet proving that cuts alone can save cities and their people? Well, we already know the answer to that one. So let's not get ourselves deluding ourselves. The politicians are afraid we will vote them out if they dare tell us the truth about what will take to stop the pain. So many Republicans are locked into an ideological car that get those who will matter the truth to your private ear will not say it. The Democrats are as shocked as the fate of Walter Mondale, who dared. Maybe Ross Perot will come with the courage. It may not be elected but he will break some of the rules, which at least should give us some fun for his money. My feeling is that if America would be willing to pay more money — provided. Provided they are not going away. And provided they come up with a real working system, a few charts that will show the citizens at any time where the money has gone and what it has accomplished. That will be hard to do, but nearly as hard as just lying about hurting and mourning.

INTERNATIONAL FUNDS May 12, 1992. Table listing various international funds with columns for fund name, share price, and other details. Includes sections for International Equity Funds, International Bond Funds, and International Money Market Funds.

MARKET DIARY

Program Selling Depresses Stocks

NEW YORK — Several rounds of computer-driven program sales pushed stock prices lower on Tuesday, although the market finished the day above its lowest levels on hopes for an interest-rate reduction by the Federal Reserve Board.

The Dow Jones industrial average fell 12.46 points, from its record close on Monday, to 3,385.12.

Reports that wholesale-price increases last month were subdued and semiconductor orders increased were not enough to sustain the Dow's rally, traders said. Worst-than-expected earnings from two big retailers contributed to the decline, which also resulted from several waves of program trading.

Treasury bonds rallied on hopes for lower interest rates after the Labor Department said the producer price index rose 0.2 percent for the third straight month in April, below the projected 0.3 percent increase. The yield on the Treasury's bellwether 30-year bond fell to 7.86 percent, from 7.90 percent on Monday.

The bond market took heart from the producer-price data, hoping the Federal Reserve Board would ease policy.

DOLLAR: Softened by Rate Talk

(Continued from first finance page) 5,400 French francs, down from 5,565 francs.

The British pound rose to \$1.8118, from \$1.7947. Currency traders said that speculation of an imminent cut in U.S. interest rates to boost the economy got a fillip after the release of data showing only a 0.2 percent rise in producer prices in April.

The report, which will be followed on Wednesday by U.S. retail sales figures for April and on Thursday by money supply numbers, generally supported financial analysts' views that price pressures were under control and that the Federal Reserve had room to lower interest rates without risking higher inflation.

The figures have encouraged people to think the Fed will ease policy. Julian Callow, international economist at Chase Investment Bank, said that "the dollar's battle against its huge carrying cost all the tougher and must bias the currency to the downside now."

WORLD STOCK MARKETS

Table with columns for Market, Class, Prev., and various stock indices like Amsterd, Brussels, Frankfurt, London, Milan, Madrid, Sao Paulo, Singapore, Stockholm, Toronto, Zurich.

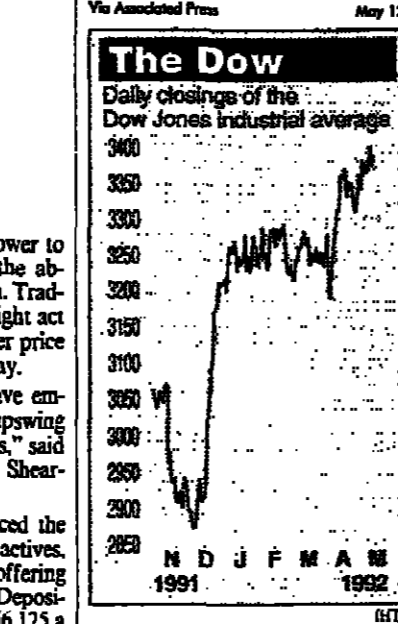


Table titled 'NYSE Most Actives' listing top trading stocks like American Express, IBM, and General Electric.

Table titled 'Amex Most Actives' listing top trading stocks on the American Stock Exchange.

Table titled 'NASDAQ Most Actives' listing top trading stocks on the NASDAQ market.

Table titled 'NYSE Diary' with columns for Adv, Decl, Unch, Total, and Net.

Table titled 'NASDAQ Diary' with columns for Adv, Decl, Unch, Total, and Net.

Olivetti Posts 1991 Loss

IVREA, Italy — Olivetti SpA reported on Tuesday a 459.8 billion lire (\$371.4 million) loss for 1991, caused in part by a corporate restructuring that the Italian computer company has said would end its unprofitability this year.

The result was worse than the company's February prediction of a 290 billion lire loss, and it compares with profit of 60.4 billion lire in 1990. The company cited a 200 billion lire restructuring charge to cover covenant costs. It cut 7,200 jobs last year, following a 3,200-job reduction in 1990.

Revenue fell 4.8 percent, to 8.61 trillion lire last year, and first-quarter sales this year were down 4.4 percent.

Table titled 'Dow Jones Averages' with columns for Index, High, Low, Last, Chg.

Table titled 'Standard & Poor's Indexes' listing various market indices like Industrials, Utilities, and Finance.

Table titled 'NYSE Indexes' listing various market indices like Composite, Industrials, and Finance.

Table titled 'NASDAQ Indexes' listing various market indices like Composite, Industrials, and Finance.

Table titled 'AMEX Stock Index' listing various market indices like Composite, Industrials, and Finance.

Table titled 'Dow Jones Bond Averages' listing various market indices like 30 Bonds, 10 Industrials, and 10 Government.

Table titled 'Market Sales' listing various market indices like NYSE 4 a.m. volume, NYSE 9 a.m. volume, and NASDAQ 4 a.m. volume.

Table titled 'N.Y.S.E. Odd-Lot Trading' listing various market indices like Buy, Sell, and Short.

Table titled 'NYSE Diary' with columns for Adv, Decl, Unch, Total, and Net.

Table titled 'NASDAQ Diary' with columns for Adv, Decl, Unch, Total, and Net.

U.S. FUTURES

Table titled 'Grains' listing various futures contracts like Wheat, Corn, and Soybeans.

Table titled 'Livestock' listing various futures contracts like Cattle and Hogs.

Table titled 'Food' listing various futures contracts like Coffee and Sugar.

Table titled 'Metals' listing various futures contracts like Copper and Aluminum.

Table titled 'Financial' listing various futures contracts like Treasury Bonds and Treasury Bills.

Table titled 'EUROPEAN FUTURES' listing various futures contracts like DAX and CME.

Table titled 'Metals' listing various futures contracts like Aluminum and Copper.

Table titled 'Stock Indexes' listing various stock indices like FTSE and Nikkei.

Table titled 'Spot Commodities' listing various commodities like Wheat and Soybeans.

Table titled 'Dividends' listing various companies and their dividend payments.

Table titled 'Financial' listing various financial instruments like Treasury Bonds and Treasury Bills.

Table titled 'Metals' listing various futures contracts like Copper and Aluminum.

Table titled 'Livestock' listing various futures contracts like Cattle and Hogs.

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Table titled 'Stock Indexes' listing various stock indices like FTSE and Nikkei.

Robertson Bids for UPI

RUTLAND, Vermont (Combined Dispatches) — U.S. Media Corp., a company controlled by the religious broadcaster Pat Robertson, bid \$6 million in cash for the bankrupt news agency United Press International on Tuesday, the only offer for the whole of the news agency presented to U.S. Bankruptcy Court Judge Francis Conrad.

Mr. Robertson, who also sought the Republican presidential nomination in 1988, said before the hearing that his interest in UPI included its overseas news-gathering operation and radio network. He also said he did not intend to turn the news agency into a Christian-oriented enterprise.

Other bidders included the Washington-based Federal News Service, which bid for UPI's Spanish-language news wire and part of its Washington office for a total of \$55,000. Eastnet, a news organization based in Eastern Europe, bid \$30,000 for certain leases of UPI in the former Soviet Union, Eastern Europe and China. A publisher bid \$125,000 for certain assets, including \$25,000 for the United Press International name.

MGM-Pathe Makes Offer to Orion

CULVER-CITY, California (Combined Dispatches) — MGM-Pathe Communications Co. said Tuesday it made a proposal to distribute Orion Pictures Corp.'s unreleased motion pictures and its library product. MGM-Pathe, whose legal and financial problems have halted its own production and left its distribution channels idle, said its proposal also contained an offer to purchase the film assets of Orion, which is operating under Chapter 11 bankruptcy protection and has 10 films ready for release.

Terms of the proposal were not disclosed. The offer followed recent bids for Orion from Republic Pictures Corp. and Savoy Entertainment. The FDIC board also proposed to base an institution's deposit insurance premiums on the risk it poses to the Bank Insurance Fund of the Savings Association Insurance Fund.

Chase Rating Is Boosted by Moody's

NEW YORK (Reuters) — The credit ratings of Chase Manhattan Corp. and its banking subsidiary, Chase Manhattan Bank, were upgraded by Moody's Investors Service Inc. on Tuesday. The move raised the rating on approximately \$10.5 billion of Chase's long-term debt to Aaa2 from Baa3.

Moody's also said it may upgrade \$3 billion of the long-term debt of Chemical Banking Corp. because of expectations that Chemical should achieve its 1992 goals for operating revenue and expenses.

California's Unitary Tax Is Upheld

SAN FRANCISCO (Reuters) — The California Supreme Court has rejected a major challenge to the state's controversial method of taxing foreign corporations, a decision that could save the state \$792 million in revenues.

The court late on Monday ruled as constitutional the 57-year-old "unitary tax," which takes into account a foreign-based multinational corporation's operations outside the state in calculating tax burdens.



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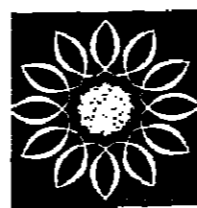
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ARGENTARIA

Corporación Bancaria de España

Asia to Pay More for Gas

By Michael Richardson
International Herald Tribune

SINGAPORE — Surging demand for gas in Japan, South Korea and Taiwan will far outstrip hoped natural gas supply in Asia, forcing buyers to pay more for regional supplies and to turn increasingly to Gulf producers, analysts said Tuesday.

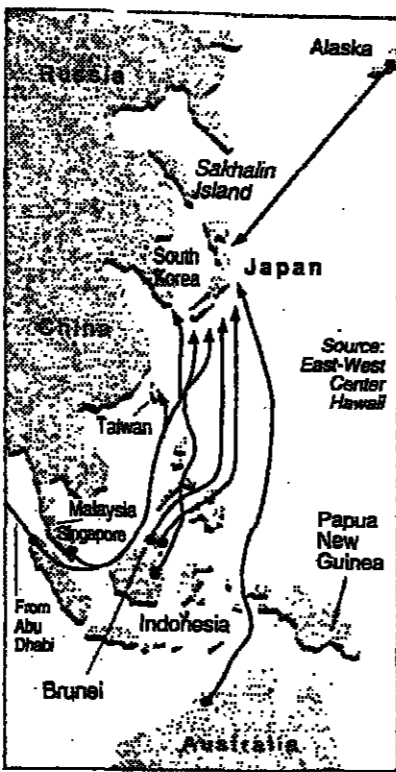
A supply squeeze will hit the Asia-Pacific region after the end of the decade even though there have been major gas discoveries recently in Malaysia and Indonesia.

Gas demand in Japan, South Korea and Taiwan is expected to increase by more than one-third by the year 2000 because of faster-than-expected growth in electricity use and delays in the development of nuclear and coal-fired power plants because of safety and environmental concerns.

According to a recent study by the East-West Center in Hawaii, Far East demand for LNG could exceed 90 million tons a year by 2000, more than double the 1991 level of 41.5 million tons.

Utilities in Northeast Asia now import nearly all their gas from Southeast Asia and Australia. Buyers may have to encourage new regional projects by offering low-interest development loans and a minimum price for gas that is substantially higher than the prevailing level, analysts said.

Occidental Petroleum Corp. has discovered a field off the coast of the East Malaysian state of Sarawak that may contain up to 4 trillion



Herald Tribune and The Oil Daily. The meeting ended Tuesday.

Malaysia, the region's second-largest gas exporter after Indonesia, is expected to boost sales to 14.5 million tons a year in 1996, when new processing capacity comes on stream at Bintulu in Sarawak.

Asamera Oil Ltd. of Indonesia is evaluating what analysts say may be a large new gas discovery in northern Sumatra.

Minoru Takai, general manager of the petroleum division of Nippon Iwai Corp., a leading Japanese trading house, said that although Japan had secure LNG supplies to the year 2000, it needed to find extra resources for the 21st century.

From discovery, a major new LNG project can take eight or 10 years to bring on stream. Mr. Takai said that Japan preferred to get its energy supplies from the Asia-Pacific region but was also investigating prospects in the Middle East.

Four giant LNG projects are planned around the world at an estimated cost of about \$40 billion. They are off Qatar in the Gulf, the Nauma Sea in Indonesia, Sakhalin island on the Pacific coast of Russia and in Alaska. But the projects face delays or cancellation because of doubts about their profitability, said Feriuch Fesharaki, director of resources programs at the East-West Center.

The pricing formula for LNG is tied to the price of oil which, because of current low prices, "will not provide sufficient return to justify massive megaproject investments," Mr. Fesharaki said.

He said that a less ambitious project in Oman, backed by the Shell group, could become the next LNG export to Northeast Asia. It would have an initial output of 4 million tons.

cubic feet of gas. Azizan Zaimi Abidin, president of Petronas, the Malaysian state oil company, said that if the find is confirmed, the country might be able to expand annual LNG exports by 7 million tons.

He was speaking at an international energy conference co-sponsored by the International

News Corp.'s Net Jumps On Strong Media Gains

Compiled by Our Staff From Dispatches

SYDNEY — News Corp., flagship of the media businessman Rupert Murdoch, said Tuesday that improved results from its newspaper and television operations were mainly responsible for a sharp jump in net profit for the nine months ending March 31.

But the company said the result was tempered by disappointing results from the Twentieth Century-Fox Film division in the United States and by continuing losses at Ansett Transport Industries in Australia.

News Corp. posted a net profit, including abnormal items, of 437.14 million Australian dollars (\$328.7 million) for the nine-month period, up from 52.62 million dollars a year earlier. Net profit for the latest quarter was 81.87 million dollars, after a loss of 204.66 million in the like period a year earlier.

Profit increased despite a fall in revenue, to 7.73 billion dollars from 8.32 billion, reflecting the sale of businesses in the United States and Australia.

Operating income from newspapers rose to 437.84 million dollars in the nine months, from 379.61 million a year earlier, while television income rose to 165.21 million dollars from 52.12 million.

Investor's Asia

Exchange	Index	Tuesday Close	Prev. Close	% Change
Hong Kong	Hang Seng	5,705.93	5,632.34	+1.31
Singapore	Straits Times	1,458.57	1,459.09	-0.04
Sydney	All Ordinaries	1,676.80	1,662.10	+0.88
Tokyo	Nikkei 225	18,508.53	18,608.09	-0.54
Kuala Lumpur	Composite	603.08	603.97	-0.15
Bangkok	SET	754.63	732.89	+2.97
Seoul	Composite Stock	586.40	587.52	-0.19
Taipei	Weighted Price	4,289.24	4,268.17	+0.49
Manila	Composite	Closed	1,235.02	-
Jakarta	Stock Index	288.78	288.65	+0.05
New Zealand	NZSE-40	1,494.95	1,472.34	+1.54
Bombay	National Index	1,379.42	1,528.65	-9.76

Sources: Reuters, AFP

Very briefly:

- Japan's Insurance Council, an advisory panel to the Ministry of Finance, is expected to make a final proposal in June to deregulate the insurance industry, ministry officials said; the Asahi Shimbun reported that insurers would be allowed to do securities and banking business.
- Hong Kong stocks ended at a record high for the fifth time this month, although mild profit-taking took some of the edge off early afternoon gains; the Hang Seng Index finished 73.59 points higher at 5,705.93.
- Nissan Motor Co. said it had completed a 100 billion yen (\$751 million) expansion of its Fukuoka plant in southern Japan, making it the company's biggest carmaking facility with capacity of 600,000 cars a year.
- Toshiba Corp. and General Electric Co. of the United States have agreed to jointly develop a 1300-class gas turbine for use in electrical power plants, a GE spokeswoman said.
- Kawasaki Heavy Industries said it had agreed to license to Korea Heavy Industry & Construction Co. the right to manufacture two of its designs for steam turbines used in the engines of large ships.

Reuters, Bloomberg, AFP

Taiwan, Worried by Fast-Food Inroads, to Promote Rice

TAIPEI — Taiwan, alarmed by the rising consumption of U.S.-style fast food, said Tuesday that it would launch a campaign to promote the traditional Chinese staple of rice.

The growing popularity of foreign food such as hamburgers and pizza has cut rice consumption and threatens a basic element of Chinese culture, the cabinet's Council of Agriculture said.

"In order to meet the challenge of U.S. and

European fast food, we will actively promote the sale and consumption of rice and the development of new rice-based products," it said.

The council said the cultivation and consumption of rice had instilled the virtues of hard work and thrift in Chinese people over their 5,000-year history, and these values were endangered by the influx of fast food.

A recent survey showed 25 percent of 2,000

Taiwan high school students were overweight because of fast food, the council said.

The average person in Taiwan ate 68 kilograms (150 pounds) of rice in 1990, down from 79 kilograms in 1986, a council official said.

The official said the government planned to spend 50 million Taiwan dollars (\$2 million) to develop new rice-based products and better methods of packaging rice and 10 million dollars on an advertising campaign.

Hyundai Founder's Campaign Pledge

SEOUL — Chung Ju Yung, the founder of the powerful Hyundai Group, said Tuesday that if elected president, he would dismantle South Korea's big business conglomerates, known as chaebol.

"I think it is right to disband the chaebol and force them to specialize to reinforce international competitiveness," he said, adding that if elected he would implement such changes "step by step, through legislation."

Mr. Chung last week launched his campaign for the presidential elections, which are due in December. He formed his own party in February to oppose the government of President Roh Tae Woo. Mr. Chung said he had severed all ties with Hyundai, one of South Korea's biggest chaebol.

NYSE

Tuesday's Closing

Table indicates the nationwide prices up to the closing on Wednesday and do not reflect intraday changes. Via The Associated Press

Symbol	Price	Change
IBM	115 1/4	+1/4
Microsoft	61 1/4	+1/4
Apple	45 1/4	+1/4
Oracle	35 1/4	+1/4
Novell	25 1/4	+1/4
Lotus	15 1/4	+1/4
Intuit	10 1/4	+1/4
Visa	5 1/4	+1/4
MasterCard	4 1/4	+1/4
Amex	3 1/4	+1/4
Discover	2 1/4	+1/4
Wells Fargo	1 1/4	+1/4
Bank of America	1 1/4	+1/4
Citigroup	1 1/4	+1/4
JPMorgan	1 1/4	+1/4
Goldman Sachs	1 1/4	+1/4
Merrill Lynch	1 1/4	+1/4
Prudential	1 1/4	+1/4
MetLife	1 1/4	+1/4
AIG	1 1/4	+1/4
Travelers	1 1/4	+1/4
Western Union	1 1/4	+1/4
Verizon	1 1/4	+1/4
Sprint	1 1/4	+1/4
WorldCom	1 1/4	+1/4
Qwest	1 1/4	+1/4
Level 3	1 1/4	+1/4
Southwest	1 1/4	+1/4
Delta	1 1/4	+1/4
American	1 1/4	+1/4
United	1 1/4	+1/4
Allegiant	1 1/4	+1/4
JetBlue	1 1/4	+1/4
Southwest	1 1/4	+1/4
Delta	1 1/4	+1/4
American	1 1/4	+1/4
United	1 1/4	+1/4
Allegiant	1 1/4	+1/4
JetBlue	1 1/4	+1/4

Symbol	Price	Change
AT&T	34 1/4	+1/4
Verizon	24 1/4	+1/4
Sprint	14 1/4	+1/4
WorldCom	14 1/4	+1/4
Qwest	14 1/4	+1/4
Level 3	14 1/4	+1/4
Southwest	14 1/4	+1/4
Delta	14 1/4	+1/4
American	14 1/4	+1/4
United	14 1/4	+1/4
Allegiant	14 1/4	+1/4
JetBlue	14 1/4	+1/4
Southwest	14 1/4	+1/4
Delta	14 1/4	+1/4
American	14 1/4	+1/4
United	14 1/4	+1/4
Allegiant	14 1/4	+1/4
JetBlue	14 1/4	+1/4

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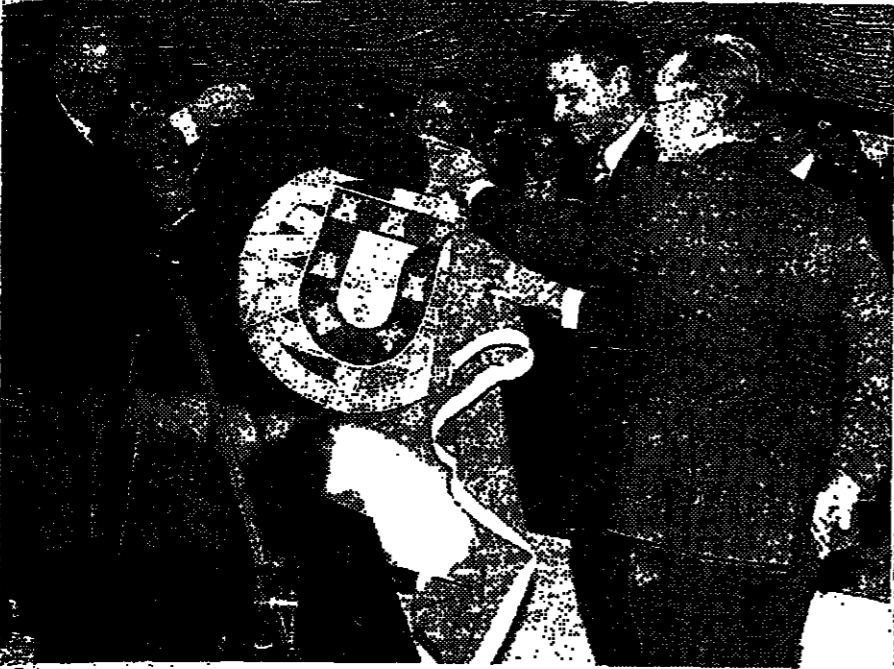
ADVERTISING SECTION

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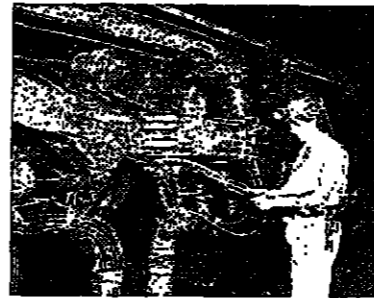
THE UNIQUE MOVE

EIGHTH IN A SERIES

Portugal 1992



Portugal's industrial sector is modernizing, streamlining and going increasingly global as the country incorporates itself fully into the European economy. This issue explores new industrial initiatives in sectors ranging from textiles and ceramics to automobiles and mining.



Far left: Carl Hahn (Volkswagen), Prime Minister Cavaco Silva and Lindsey Halstead (Ford) at launching of AutoEuropa factory in Setúbal.



Industrial Sector Forges Links With Eastern Europe

Antonio Santos is the kind of businessman who brings a sparkle to the eyes of industry Minister Luis Mira Amaral. Mr. Santos, CEO of Tecmoide, a moldmaking firm in Marinha Grande, files regularly to Moscow to keep his export market in shape.

Mr. Santos, a fluent speaker of Russian who has been doing business in the former Soviet Union since 1975, recently began offering to share his business experience with his contacts there. His successful efforts illustrate the links between the developing economies of Portugal and former East bloc countries.

Portuguese industry in Eastern Europe. Portugal nationalized much of its productive capacity in 1975 after the revolution and in the last five years has spent a lot of time privatizing and restructuring the manufacturing and financial sectors.

Mr. Santos' efforts illustrate the potential of such links. "I forged a network of 68 small local moldmakers in Marinha Grande into a pool producer to meet my production requirements. That's something the Russians could do too," Mr. Santos says, adding: "Why not break up some of the big manufacturing plants they have into small, efficient units? I convinced eight or 10 qualified workers from a big company here [in Portugal] to set up their own operation, becoming worker-partners and highly profit-motivated. This kind of experience could be useful in former East bloc economies."

The government's campaign to stir Portuguese business interest in newly emerging East European markets was further boosted by news of a marketing, financial, tax and training incentive program for Portuguese firms developing cross-border business. Announcing the "Boa Esperança" or Good Hope, program, Trade and Tourism Minister Fernando Faria de Oliveira said that the Instituto do Comercio Externo de Portugal (Export Promotion Board) offices abroad would provide logistic help. These would back the aggregation of Portuguese companies' market penetration; pilot brand-name testing; promote moves into Hungary, Poland and Czechoslovakia; widen markets in Germany; use Portuguese banks abroad for local currency financing; provide venture capital; and help with the purchase of shop chains and offices abroad.

Back home, the process of upgrading domestic industry continues apace, with government giving priority to three types of initiatives:

Modernization and restructuring in traditional industry (textiles, clothing and footwear).

Industrial exploration of natural resources like ceramics, mines, ornamental and industrial stone, timber and forestry, cork and agribusiness.

New high-tech industrial projects involving foreign investment.

Entrepreneurs moving into these areas are not only welcome and encouraged, but wise investors can expect to reap rich rewards. Priorities include information technology, electronics, biotechnics, ceramics technologies, pharmaceuticals, capital goods, the automobile and auto-components industry, medical and hospital equipment, energy (basically thermoelectric plants), special-purpose plastics, sports products and tourism.

To stimulate industrial development and support foreign investment, the government has a range of EC-backed aid schemes, including funds for infrastructure development (railroads, port installations, telecommunications, energy distribution networks, depollution systems), a labor-training scheme backed by European Social Funds, and venture-capital funds.

In addition, fiscal incentives for investment cash grants have been provided through the European Regional Development Fund (ERDF) and the Special Program for Development of Portuguese Industry (PEDIP). PEDIP is likely to be extended for a further five years once the EC's Delors II package on community funding is passed. The original 1988-1992 PEDIP program drew on a special 100 million Ecu (\$89.8 million) fund to which was added financing from ERDF, ESF and NIC funds.

The growing internationalization of Portuguese industry is illustrated by the efforts

of Cinca, a ceramics group, which is now planning to widen export markets and product range following its acquisition of a 19.3 percent stake by Switzerland's Laufen group, the world's sixth-largest ceramics producer. Laufen is to acquire a 15 percent stake in Cinca's decorative tile associate, CIC-Companhia Internacional de Ceramica in the first half of 1992. Ceramic exports in 1991, mostly to the EC and the United States, were up 9 percent to nearly 24 billion escudos (\$240 million), compared with 1988's 20.5 billion escudos and 33 billion escudos in 1990.

And the growing attractiveness of Portuguese industry among foreign investors is shown by recent investments in projects based in the Sines industrial zone, a major southern-coast oil and industrial port. The Sociedade de Promocao e Gestao de Areas Industrial e Servicos, managers of the zone, say the following investments are pending in the area: a 15 billion escudo synthetic resin plant from Proquigel of Brazil; a 100 billion escudo, 210,000 ton capacity copper manufacture and smelting plant by Metcob; and a 70 billion escudo fertilizer project by the Office Cherifien des Phosphates of Morocco.

In spite of these efforts to go global, opinions are divided over the effects on Portuguese industry of a single-market Europe. A recent survey by the heavy engineering sector's Industrial Association, for example, shows that while many firms regard Europe's single market as a positive development for Portugal, 40 percent of those surveyed expect that it will have no influence because of a lack of external markets. The vast majority of the 2,500 domestic firms in the sector are small and medium-sized enterprises with relatively limited funds available for modernization, but nevertheless over half are investing in plant modernization and advanced technology, prodded by the single market. Yet first-half business profits in 1991 fell by 6 percent, after inflation, while training and international distribution networks remain problems in the sector.

Opinions are also divided in another of Portugal's primary industrial sectors, the

footwear industry. Exports rose from 16 million pairs of shoes a year to 77 million between 1980 and 1990, with 1990 export earnings of 170 billion escudos, 9 percent of the overall national total. Production in 1990 was 102 million pairs, with a revenue of 235 billion escudos. Most of these sales were within the EC, which absorbs 78.3 percent of Portuguese footwear exports; EFTA countries take 13.7 percent.

In spite of these positive results, the industry fears a troubled future due to Asian and East European competitors. The National Footwear Industry Association warns that Asians are breaking into the quality market segment, while there is also a threat from low-labor-cost East European producers.

Ongoing privatization efforts are expected to inject new life into the industrial sector and help it survive the challenges of the new Europe and of globalization. The public industrial sector should fall from 31 percent of domestic gross value-added to 25 percent in 1992, according to José Elias da Costa, secretary of state for finance, with its share of Portugal's overall economy set to fall from the current 16 percent to 12 percent by the end of 1992, and down to 6 percent in 1995. Mr. Elias da Costa believes the reduction of the state's role in the economy through deregulation and liberalization is essential for real and nominal convergence with the rest of the EC. The total value of the state industrial sector due to be privatized is around 1 trillion escudos.

A major privatization move concerns Quimigal, the former state-owned chemicals conglomerate, which is to stage a giant auction of assets in the Barreiro industrial park south of Lisbon this June. Quimigal includes 20 manufacturing plants, some still operational, and other items worth a total of 500 million escudos.

In addition to privatization and encouraging companies to modernize their operations and adopt a more global outlook, the government is organizing special initiatives to solve pressing problems in the industrial

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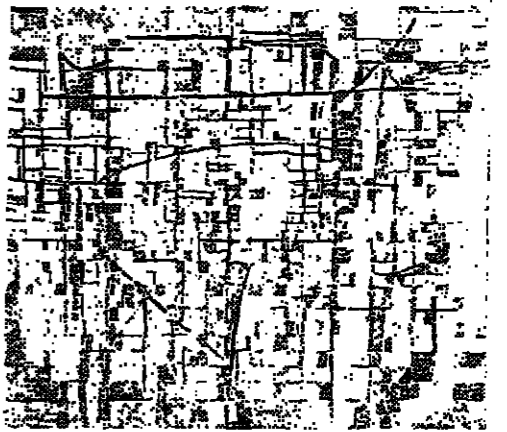
Personalities Seeing 'What Is Not There'



Maria Helena Vieira da Silva, widely regarded as the greatest Portuguese-born artist of her time, died in Paris on March 6 at the age of 83.

Born in Lisbon into a cultivated family of liberals, she was given a cosmopolitan education and traveled widely in Europe from an early age.

In Paris, she first studied sculpture but switched to painting under the



tutelage of French modernist Fernand Léger. In 1930, she married the Hungarian painter Arpad Szenes, who died in 1985. Both were members of what has come to be known as the Ecole de Paris. She evolved a personal, abstract style that evoked labyrinthine cityscapes.

Lisbon left an indelible stamp on her imagination. The cobblestone streets and decorative tiles, or azulejos, that cover many of the city's buildings are evoked in her work. "I look at a street," she wrote, "and see people passing on foot or on various machines at various speeds. I think of the invisible threads that pull them." Her paintings, she said, show us "what is not there as though it were."

Because her husband was partly Jewish, the couple fled Paris at the beginning of World War II, going first to Lisbon in 1939 and then to Rio de Janeiro. Her paintings during this period, such as "The Disaster," reflect her deep anxiety over the war. She returned to Paris in 1947. Her success there spread to New York, Germany and Britain, and her work was influential for American abstract expressionists in the 1950s. The couple became French citizens in 1956 after the then-rightist regime in Portugal refused her Hungarian husband Portuguese nationality.

After the overthrow of the dictatorship in the 1974 "Revolution of the Carnations," Portugal repaired its relationship with the first Portuguese artist to gain worldwide recognition, although she continued to live in Paris. In a memorial tribute, Portuguese President Mario Soares said that the three posters she painted to celebrate the revolution "remain as a symbol of the re-meeting of a free spirit with a freed country."

In the later years of her life, she was decorated with the French Legion of Honor and with the Portuguese equivalent, the Ordem da Liberdade. An Arpad Szenes-Vieira da Silva foundation will be set up in Lisbon. Peter Wise

Incentives Foster Growth of Small and Medium-Sized Companies

Small and medium-sized enterprises (SMEs) are the backbone of Portuguese industry. Companies with fewer than 500 workers account for 99.7 percent of total Portuguese enterprises and employ 76 percent of the work force.

Companies with less than 10 workers make up 76.1 percent of the total, and barely 200 companies have over 500 employees. SMEs have the advantage of flexibility; they adapt quickly to changing circumstances. This is proving to be of great importance as companies prepare to cope with increased competition within the EC. But to take full advantage of their versatility, Portugal's SMEs have a number of difficulties to overcome.

The Institute for the Support of Small and Medium-sized Enterprises in Portugal (IAPMEI) was created 16 years ago to identify the problems and develop strategies to surmount them. IAPMEI Chairman José Ramalho de Almeida cites the following as the main challenges:

The relatively low level of education of the country's businesspeople. Only 35.5 percent have attended a university.

A lack of qualified administrators and technicians.

An excessive involvement by company heads in day-to-day affairs, leaving them little or no time to plan medium- and long-term strategy.

Undercapitalization. The ratio of owned capital to total assets for Portuguese companies is considerably below the EC average. Linked to this is an excessive dependence on bank credit as a means of finance.

IAPMEI is working on several fronts to help alleviate these difficulties. One of the most important is the administration of key industrial investment incentives. The basis for these is provided by two EC-funded systems, known by the abbreviation of their Portuguese titles: Program for the Development of Portuguese Industry (PEDIP) and the Regional Incentive System (SIBB).

PEDIP comprises six separate subprograms: basic infrastructure and technology, professional training, investment in improved production (SINPEDIP), financial engineering, productivity, quality and industrial design. It also includes two integrated incentive programs, one for information technology and electronics (PITIE) and another for the development of capital equipment industries (PRODIBE), that draw on elements of the six subprograms.

The financial resources earmarked for the PEDIP program amount to 2.35 billion escudos (\$16.8 million). Targeted to the smaller investor, all are cash-grant systems with a ceiling of 250 million escudos. Larger amounts are available for important

schemes of national interest on a case-by-case contractual basis.

SIBB, the regional incentive scheme, harmonizes with one of the six programs within the PEDIP scheme, known as SINPEDIP. SINPEDIP applies to proposed investments in the most industrialized area of Portugal, a strip along the Atlantic coast starting just south of Lisbon and going north to the border with Spain. The SIBB scheme applies to proposed investments outside this area.

The two systems work together so that investment in industrial modernization in any part of the country may qualify for incentives of 20 percent to 40 percent of the total relevant costs. In the SINPEDIP area, investment in technological development may also qualify the project for incentives that bring the total percentage of grants funding to 50 percent to 70 percent.

Since 1988, IAPMEI has handled more than 10,000 applications for incentives, of which some 45 percent were approved," says Mr. Ramalho de Almeida. "The global amount awarded in grants over the period has reached 270 billion escudos."

A clear indication of how incentives are helping the diversification of Portuguese industry emerges from the figures. In 1989, 32 percent of applications for grants came from the traditional textile and clothing



Small business, big incentives.

sector and 28 percent from the metallurgical sector. By the first half of 1991, the trend had reversed so that only 17 percent of project applications were coming from textile and clothing companies while 30 percent originated with metallurgical enterprises.

To help companies cope with capitalization difficulties, IAPMEI has created Portugal's two biggest venture-capital companies, Norpedip and Sulpedip, each with a

capital of 5.5 billion escudos. Over the past two years, these two companies have invested some 6 billion escudos in 60 different SMEs. The aim is to keep the holdings for seven or eight years and then sell them. Mr. De Almeida believes the selling of venture-capital holdings will provide a good opportunity for the listing of SMEs on the stock exchange. A recent reform of Portugal's capital markets envisages the formation of a second market for SMEs. To stimulate companies to go public, IAPMEI has proposed a package of incentives.

Portugal's high interest rates are another obstacle that IAPMEI helps SMEs overcome through the setting up of special lines of credit at subsidized rates. Two lines are currently open with BPA-Banco Portugues do Atlantico and BNU-Banco Nacional Ultramarino, a state-owned bank with a special vocation for helping SMEs.

IAPMEI also plays an important role in providing information for SMEs, fostering overseas contacts and training entrepreneurs. One of its most successful education programs, known as Training Action, involves tapping the skills of outside consultants to analyze the situation of a specific SME and then devising and putting into practice strategies for improving performance. Peter Wise

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. Peter Collis is a free-lance journalist based in Lisbon. Dwight V. Gast has written about Portugal for numerous newspapers, magazines and guidebooks. Ken Pottinger edits Datatife Portugal, an economic briefing service, and is a Lisbon-based free-lance journalist. Lisa Rosenthal is a free-lance journalist based in Lisbon. Peter Wise is a free-lance journalist based in Lisbon.

ADVERTISING SECTION



Clean, Green, High-Quality Industry

The responsibility for successful domestic development within the context of EC membership falls to a large extent on the shoulders of your industry. How have you set about meeting this major challenge?

Despite remarkable growth in the services sector, industry remains the driving force of our economic and social development. In Portugal, there has always been a significant correlation between GDP growth and industrial development. In general terms when I first took office in 1987, industrial productivity was, on average, some one-third of EC industrial output. Energy was a major comparative disadvantage for the economy. Portugal was a marginal and peripheral consumer with an inefficient and inflexible energy system supplied by public sector monopolies, which passed on the costs of their inefficiency to the domestic and industrial consumer. With the arrival of political and social stability, the inflow of EC funds and heightened confidence among workers and businessmen, we began the process of restructuring, modernizing and diversifying Portuguese industry and liberalizing the energy system, making it less dependent on oil and better integrated with European ener-

with remarkable effect. We continue to provide incentives and know-how to companies in areas like technological innovation, quality and industrial design. In introduction of clean technologies and in the development of high-quality technologies. We also seek to support cross-border development by Portuguese companies. We need to concentrate further significant efforts in restructuring textiles, clothing and footwear.

Are there any industries you actively encourage? And how much emphasis is there on the environmental impact of the new industries?

Good examples of the kind of industry we are not interested in encouraging are those that are energy-intensive, highly polluting or that have high competitiveness exclusively on cheap labor. Both new industry and existing plants are already subject to the environmental norms and standards of the EC. Naturally, for existing industries we are understanding of problems and give factories more extended periods to adapt to the norm. This investment effort in clean industrial technology was launched with financing by the Specific Program for Development of Portuguese Industry (PEMI) EC program, and we intend to continue it under the new Cohesion Fund not up at Maastricht.

The textile sector is being trimmed, and textile industrialists urged to do so. How far has the process gone and what remains to be done?

The textile sector is one where we lag behind considerably, although, thankfully, we do have some European-oriented operations. Textiles, clothing and footwear will remain sectors in Portugal, although with a lower installed capacity, and we indicate that some 60 percent to 65 percent of existing operations will disappear. In the Vale do Ave, an archetypically textile-oriented region, we need to make an industrial diversification effort focusing on lowering the relative density of textile and clothing operations. We are encouraging light engineering, automobile components, agriculture and the electronics industry to move to this region to replace textile dependency. Foreign investors in these industries are also being encouraged.

You are eager to repeat the success in Vale do Ave and other depressed areas. What are the priorities? Clearly, we would like to repeat in the Vale do Ave the foreign investment, interest and industrial diversification success achieved in Sines. We are thus investing massively in infrastructure (including road networks), telecommunications, technology centers, schools, professional training, technical colleges, waste treatment plants and energy distribution networks. This investment in building up a favorable industrial environment is backed by an industrial diversification incentive system (INDVAE), which offers cash grants that — along with European Social Funds for professional training, incentives and venture capital — we hope to attract new industrial projects (not based in textiles, clothing and footwear) to the region. Once the Sines II package is approved, we will be able to invest on new EC funds that will help

strengthen these initiatives and enable us to launch the clothing and textile industry modernization plan that we presented in Brussels.

Your department has laid stress on the "third industrial revolution" in which industrial support services will be an important future industrial development area. Could you explain your main objectives?

In modern economies, the services sector is becoming increasingly important in efficiency in the industrial sector. In fact, this is in great part responsible for increased industrial flexibility and enables specialization and progress in manufacturing. It is here that support, consultancy, technical assistance, financing, etc., play a crucial role. It is also clear that a well-developed financial sector plays an important role in expanding the services industry.

Some industries remain in the hands of the state. A legacy of the 1976 nationalizations. How many are still to be privatized?

In the privatization process, where it has proved impossible for Portuguese companies alone to buy and manage the operations, we have either sold these directly to foreign operators or encouraged them to partner with Portuguese investors. That was the case with the Sines Refinery, for example, and it will also happen with the national power plants. In other cases, where it is possible, we seek to ensure that even with foreign participation, Portuguese business retains a controlling interest in the equity and paper and control of the company. With companies like Portugal's Air Express, de Desenvolvimento Mineiro, or with initially private companies, allowing only a minority stake to private enterprise. As far as privatization is concerned, here is our agenda: the privatization of Portugal's national petroleum company, Interpetrol, will be done by the second half of 1992. Sines Refinery, Nacional, Quimigal, and the steel plant will be privatized following their restructuring. Estaluz, Nevesinho, Trans do Castelo may also be sold. In 1993, we will privatize Sines Refinery, EDP Electricidade de Portugal, and power generation and distribution. We will also begin privatizing companies in Empresa de Desenvolvimento Industrial.

How important is the sector natural gas in your energy mix in the future?

Portugal still imports some 70 percent of the energy it consumes, with oil accounting for 50 percent of the country's energy needs. Natural gas will reduce our dependency, introducing cleaner and more competitive energy to the country.

What are you doing to develop a technical workforce?

We are making a major effort to show the world that Portugal is increasing its production of high-quality technological products and services. We make a variety of Portuguese brand names for industrial products of the highest quality and to foster research of Portuguese industry in various European markets. The PEMI program is also creating incentives to improve industrial quality and design.



Luis Mirra Amaral, Minister of Industry and Energy.

gy systems. Simultaneously, we sought to ensure that the domestic economy made more efficient use of energy.

Are you gradually coming to the changes seen in the national industrial fabric since EC entry in 1987?

Between 1986 and 1991, industrial investment increased 70 percent. The Portuguese industrial panorama today is far different from what it was in 1987. We have restructured the steel and smelting industries and launched programs to develop information technology and capital goods manufacturing. There have been major strides forward in the mining industry, forest products, electronic products, plastic machinery, automobiles and their components are all contributing to industrial diversification. Foreign industrial investment has begun to flow significantly. We are supporting infrastructure development of strategic importance to industry such as railways, highways, energy parts and technology. We have established technology centers and new technology institutes, good examples of industry-contacts cooperation. There are very clear signs in business of substantial increases in industrial productivity, and improved quality management. We have opened a new and declining industrial region — Sines —

Helping Industry Expand and Upgrade

Portuguese industry is rapidly catching up with the rest of Europe, aided by EC funds and government efforts to promote higher quality.



Numerous quality control establishments have been established.

The country's Ministry of Industry and Energy is charged with the task of promoting the upgrading and expansion of the nation's industrial sector and ensuring that the sector is aware of the threats and opportunities for Portugal in a fast-changing Europe.

Luis Mirra Amaral, Minister of Industry and Energy, says the ministry places great importance on technology, quality design, clean industry and environmental protection, as well as highly qualified management and labor force.

Mr. Mirra Amaral says that Portugal is modernizing and restructuring traditional industries and exploring new industrial uses of natural resources. The country is promoting increased aware-

ness of new technological trends in electronics, image processing, lasers, robots and other high-tech production tools, and is also encouraging the development of service and information technology industries that can supply industrial automation processes and tools for production management of CAD/CAM and internal services linked to data processing in teaching systems, training, transport, energy, finance and public services.

To support his overall industrialization campaign, the state has set up numerous of elements — quality control laboratories — for the manufacturing, technical, economic and social indicators, and will soon open others for the

proper, durable, dark, textile, leather, ornamental stone, mold, plastics and optical industries. The Portuguese Institute of Quality (IPQ) is the national body that manages and develops the National System for Quality Management (SNGQ), the legal framework for quality control in Portugal. IPQ issues certificates to companies whose products meet its standards.

To bring universities and business closer together, the ministry has supported the establishment of a series of public-private partnerships at various points, which now have been set up in Lisbon on the subjects of Electronica, In-Opção and Colúmbia. Incentives, various official "institutes for new technologies" and centers for technology have been established and research and development (R&D) programs introduced. Productivity boosting programs for industry have also been set up.

In the mining industry, use of Portugal's major transport cards, greater support has been given to the updating of geological and hydrological maps of the country and to the zoning and classification of resources. The government has authorized a bill inventory of the assets of the added-value potential of Portugal's significant geological resources.

The ministry's other areas of action include a "Plan for Portugal with Quality and Trade" campaign to promote the country's exports, participating trade missions and participation of local goods and processes to guarantee that they meet EC and International Standards.

Mining Operation Boosts Trade Balance

Five years of carefully prospecting a 4,000 square meter (43,055 square foot) site in southern Portugal paid off handsomely in 1977 when mineralogists discovered the biggest copper ore deposits in Europe there. Sophisticated technology is now being used to lift the ore from depths of up to 1,000 meters (3,200 feet) in what has developed into one of the most advanced mining operations in the EC.



The Somincor joint-venture mining operation is both profitable and "green."

Modern technology and know-how are also being applied to realize the full potential of other mineral-rich areas in the country. Portugal is currently the biggest supplier in the EC of copper, tin and wolfram (tungsten) and is a major producer of ornamental stones such as granite and marble. The country mines gold and silver and has considerable deposits of uranium ore.

But Portugal's greatest mineral wealth is its copper deposits. Those discovered at Neves Corvo in the southern Alentejo region are not only big — the five seams in the area have an estimated yield of 33 million metric tons — but the ore they produce is also of the highest quality, with an average copper content of 8 percent, compared with 0.8 percent in some of the world's other leading mines.

The mine is operated by Somincor-Sociedade Mineira de Neves Corvo, a joint venture in which Portugal's state-owned mining corporation, EDM-Empresa de Desenvolvimento Mineiro, has a 51 percent stake and Britain's RTZ-Rio Tinto Zinc, the world's biggest mining group, 49 percent. The mine came on stream in 1989 and reached its cruising capacity target of extracting 1.6 million tons of ore a year in 1990.

This yields approximately 680,000 tons of copper concentrate and 3,000 tons of tin concentrate per year. On the basis of deposits discovered so far, the mine should produce for 20 years. The company is also prospecting an area of 600 square kilometers (231.6 square miles) adjacent to the

existing mine, where further mineral ore finds can be expected. Somincor is studying the feasibility of a zinc project in the same area.

All the concentrate produced is exported, making Somincor one of Portugal's best performing companies in terms of trade balance. The mine's exports totaled 33.7 billion escudos (\$239 million) in 1991. Main markets are Spain, Germany, Canada, Japan and Finland for copper concentrate and the Netherlands and Britain for tin. Profits were 84 billion escudos in 1991, down from 17.3 billion escudos the previous year because of a drop in copper prices.

"But even if copper prices fell to their historic low, the Neves Corvo project would still be profitable," says Somincor executive Cesar Gromicho. "This is part of our original business plan, which makes the company highly competitive in world terms."

Somincor's operations are an outstanding example of successful cooperation between Portugal's state industrial sector and foreign investors. The project involves 30 kilometers of underground workings, including a 3.5 kilometer long access ramp for the sophisticated extracting machines that dig out the ore and a 600 meter deep vertical hoisting shaft.

The mine is the model of a modern, high-tech installation. The processing sequence is monitored by computerized systems that control the mass and the physical-chemical makeup of the ore being extracted, allowing constant comparison with planned estimates and immediate processing corrections when necessary.

Environmental protection extends to preserving the archaeological remains from Roman mines that explored the same site more than 2,000 years ago.

P.W.

portuguese Oil Business means Petrogal.



Petrogal is the largest Portuguese company. Connected with the oil industry, Petrogal is the only company to refine oil in Portugal. A dynamic, active company — it holds more than 50% of the market share —, responsible for part of the Portuguese exports of chemical products, lubricants and fuels. Petrogal wants to go further. Beyond its activities in Spain, Petrogal is specially oriented towards Africa. We have a responsibility and a path to follow.

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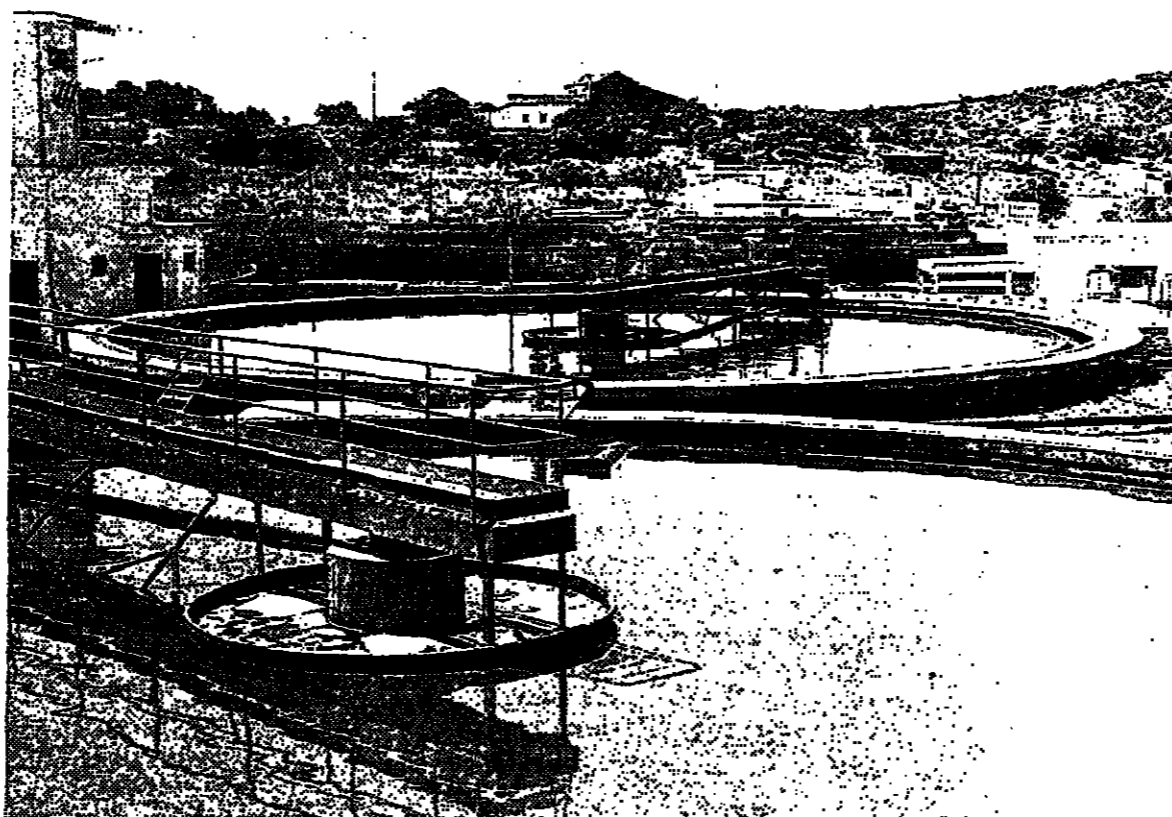
Stringent Laws Will Protect Environment

Europe's cleanest rivers flow through Portugal, where geographical position and a relatively low level of industrialization result in a quality of environment enjoyed by few other developed countries.

State-of-the-art legislation will now ensure that pollution does not follow in the wake of economic expansion. Although the country suffers from a few isolated environmental black spots, general pollution levels are well below those of most of Portugal's EC partners. "Even in our industrial zones, pollution is no higher than in non-industrial areas in other EC countries," says Jorge Rua, an official with the Ministry for the Environment and Natural Resources.



Carlos Botelho, Portugal's minister of the environment.



Facilities like this water-treatment station are part of Portugal's efforts to achieve industrial growth without compromising environmental quality.

Environmental legislation was virtually nonexistent until a "Basic Law of the Environment" was passed in 1987, setting out broad objectives. Since then, officials have moved fast to produce sophisticated legislation to implement the basic law. The authorities are emphatic: they want Portugal to be seen as a country with exacting pollution controls. "We are very conscious that many companies move from the north to the south of Europe seeking to reduce costs, not just through lower wage bills but also because they perceive environmental regulations to be lighter or nonexistent," says another ministry official. Legislation covering noise, toxic waste and solid waste products is already in place. Other major laws are being implemented that for the first time in Portugal define clear rules on the following:
• Water pollution: The law stipulates that water sources may be used for the disposal of industrial effluents, what fees will be payable for the emissions of what levels of effluent and the maximum permitted levels.
• Air pollution: The law provides a regulatory framework for EC rules on levels of

air pollution that have already been written into Portuguese law.
• Project evaluation: The law implements an EC directive on assessment of the environmental impact of major projects. In addition, an environmental component has been added to regulations governing the establishment of industrial enterprises. Along with this new legislation, a system for monitoring pollution levels of air and water has been set up nationwide, together with a network of laboratories. Support is being given for research and development specifically focused on environmental issues, and a range of EC-funded incentives has been made available to help companies meet more demanding environmental standards. New environmental legislation applies immediately to all new projects, but existing industries will be given transition periods to comply. Carlos Botelho, the environment minister, has proposed a pact between government and industry designed to ensure that the environment is protected as industrialization gathers pace. "The aim is for industry to come forward with proposals sector by sector for meeting the new environmental standards," says

Francisco Barracha of the Directorate-General for Environmental Quality. "We will leave it for each industrial sector to decide the best means and technology to adopt to meet the required standards. When the two sides are agreed on a proposed series of actions and a timetable, the accord will be formalized through the signing of a protocol." In one successful example, the country's four paper pulp companies have signed a contract with the government agreeing to meet the demands of the new laws on water and air pollution within three years, in some cases meaning a reduction of waste by 75 percent. Companies accept the need for change and favor new legislation, which will replace what they see as the arbitrary decisions of different authorities with clearly defined rules. "More and more companies are coming to see that anti-pollution measures have to be calculated as a production cost and can often help to improve manufacturing processes," says Mr. Rua. "Industrial development is compatible with a protected environment. We don't have to suffer more pollution to achieve a higher standard of living." P.W.

Portugal's Crafts: A New Age Of Discovery

Exquisite hand-wrought Portuguese crafts are now making their way into the international marketplace in the same exciting spirit with which Portuguese navigators once sailed their seagoing craft around the globe.

In a tradition that began in the 16th century when Portuguese craftsmen began to reproduce Chinese porcelain brought back from trade routes, Portuguese craftsmanship has now firmly established itself throughout the world. Hand-embroidered Arraiolos rugs grace the collections of such distinguished venues as the United States government's Blair House in Washington, the Victoria and Albert Museum in London, and the Musée des Arts Décoratifs in Paris. The Vista Alegre porcelain company in coastal Ilhavo manufactures its own time-honored designs as well as reproductions of historical pieces for gift shops at the Metropolitan Museum of Art in New York and the Musée des Arts Décoratifs in Paris. The Oporto company of Topazio produces its own trademark filigree work as well as special orders such as salt and pepper shakers for Tiffany's and silverplate Mickey's for the Disney amusement parks. Nowhere, however, are Portuguese crafts as abundant (and reasonably priced) as in Portugal itself, particularly in Lisbon. For those who want to educate their eye, many such objects may be seen at their lowest at the Fundação Ricardo do Espírito Santo Silva (Largo das Portas do Sol), Lisbon's decorative arts museum, which also houses a number of crafts workshops and an interior-design school. Arraiolos rugs, Vista Alegre porcelain, Topazio silver, Atlantis crystal, Mar-

inha Grande glassware and the decorative tiles called azulejos are on display in rooms handsomely fitted with period-style furnishings.

Portugal's celebrated handicrafts can also be seen at the Centro de Artesanato (Praça das Industrias) in Lisbon. There, the country's embroidery, lace, jewelry, fishermen's knit sweaters, cork, copper and ceramics have been gathered together and are on display (and for sale).

The ceramics alone range from the black pottery of Vila Real through the grays of Matra and Sobreiro to the soft whites found throughout the country.

Other regions span the spectrum with such pieces as the brightly colored Barcelos roosters, the polychrome pottery of Aveiro, the blue-and-white patterns of Coimbra and Alcobaca, and the flora and fauna forms of Caldas da Rainha.

Among the most rustic are the unglazed terra-cotta pots from the Alentejo region, especially the town of Estremoz, made in shapes whose designs date back to Roman times.

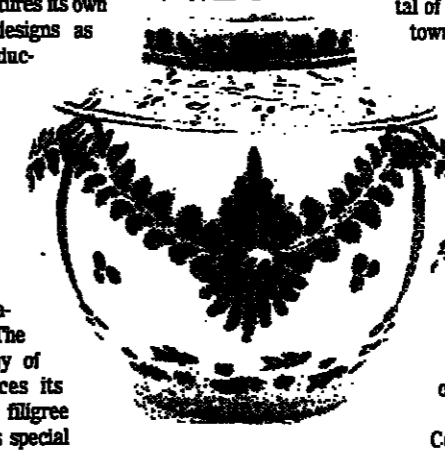
Among the best-known of Portuguese regional handicrafts are Madeira's lace and embroidery, which deserve special mention since so many shops in Lisbon alone (such as Madeira Superbia at Avenida Duque de Loulé 75A) deal exclusively in goods from the tiny island.

Outside Lisbon, there are a number of opportunities to shop for regional crafts in their various places of origin. Madeira lace and embroidery is on sale at Oliveras (Rua dos Murças 22 and Rua da Alameda 11), Teixeira (Rua do Aljube 13), Jabara (Rua Dr. Ferrão de Omeias 59), Mima (Estrada Monumental 286), Arte Ricamo (Rua dos Murças 34) and Aginha d'Ouro (Rua dos Murças 30) in the island capital of Funchal. The Alentejo town of Arraiolos has a number of shops

(Tapetes Calantica at Rua Alexandre Herculo 20; Fracoop at Praça Lima Brito; Condestavel at Avenida Bombeiros Voluntários) that sell the famous rugs. In central Portugal, Coimbra's celebrated handicrafts may be sampled at the Casa de Artesanato da Região de Coimbra at Rua de Sobre-Ripas 45.

Finally, in the north of the country, the silversmiths of Porto display their wares in such quality shops as Luiz Ferreira & Filhos (Rua Trindade Coelho), Candido José Rodrigues (Rua das Flores 275), David Rosas (Avenida da Boavista 1471) and Rosior (Rua Eugenio Castro 263), and more of Portugal's fine embroidery may be found at Casa dos Linhos (Rua de Fernandes Tomás 66) and O Sonho (Rua das Flores 222).

Dwight W. Gast



400 years of decorative arts.

Automobile Industry Gears Up for Expansion

Portugal's modest automobile industry has come a long way from its origins as an assembly operation for the domestic market with very low local value incorporation and is now gearing up for a period of expansion.

In the lofty terms of macro-economics, Portugal's automobile industry has a deceptively low rating. As a money earner, it lags behind traditional industries such as tourism, footwear, textiles and garments. The combined assembly lines of the 19 manufacturers with car production facilities in Portugal account for no more than about 4 percent of the country's total industrial production. In 1991, vehicle exports earned 151.6 billion escudos (\$1.1 billion), 6.5 percent of total export earnings, as compared with \$1.7 billion escudos and 21.9 percent for textiles. But the numbers hide a latent buoyancy.

True automobile manufacturing — as opposed to the assembly of imported kits or parts — began in Portugal in the 1960s with Renault's ground-breaking installation of major production facilities for vehicles, engines, gear boxes and pumps. The investment opened up an era of genuine manufacturing with high local value incorporation. It also spawned a component industry that was to burgeon into an important employment and export source.

Renault's initial investment comprised an 80,000 per year capacity vehicle assembly line, a 225,000 per year capacity engine plant, and a gear box line and pump line, each with a production capacity of 100,000 per year. In 1965, the company followed up with a foundry for engine blocks and parts.

General Motors Corp. inaugurated an assembly line in 1969 and expanded in the '80s with two major component factories — one for cables and the other for small mechanical parts. Fiat also built a mechanical component plant in the '80s.

At the same time, Portuguese companies such as Solex Portuguesa (carburetors) and DBA-Bendix Portuguesa (axle brakes) began to enter the component manufacture market, either in joint ventures with EC partners or with technology transfer contracts. By 1990, local automobile tire and component manufacturing had grown into a 200 billion escudo per year industry, employing a work force of close to 21,000. Experts in that year for original equipment and spares added up to close to 119 billion escudos.

Eleven companies operate automobile assembly and manufacture lines in Portu-

gal today. Four are multinational subsidiaries: General Motors de Portugal, Citroën Lusitana, Ford Lusitana, Renault Portuguesa. The rest are locally owned companies working under license agreements with varying degrees of capital participation by the licensing company. Toyota, Mazda, Peugeot Nissan and Mitsubishi vehicles are produced in Portugal under this system.

Despite a dip in the mid-1980s, overall production climbed from 75,675 vehicles in 1979 to 141,577 in 1991. Of last year's total, 71,973 units were passenger cars, the rest light and heavy commercial vehicles.

After 1994, when the massive new Ford/Volkswagen plant being built at Setúbal starts turning out its joint-venture MPV model, the numbers will look still better, of course. At cruising speed, the 2.8 billion dollar plant — "part of Europe's response to Japan," as Ford Europe chairman Lindsay Halstead has called it — will produce 190,000 cars per year, mostly for export. It will also generate a huge new component demand.

The Ford/VW plant will virtually double Portuguese automobile production overnight. João F. Anastacio, head of Portugal's two automobile industry associations, Associação dos Industriais de Montagem de Automóveis (AIMA) for the industrialists and Associação do Comércio Automóvel de Portugal (ACAAP) for the dealers, suspects that growth will be no more than moderate elsewhere in the industry. Nevertheless, he does forecast an era of gradual expansion — some of it fanned by the draft from the Ford/VW venture — with the Portuguese industry developing a number of niche positions in the market.

"It all depends on the future of the car market in the rest of Europe," he says. "If it grows, our industry will grow, if it doesn't we will have to wait. The companies that have plants here built them to play a specific role in a marketing policy. But I think it is logical to assume that other companies may follow the lead of Ford and Volkswagen."

"There are a number of points in our favor," he continues. "For one thing, we are in a good geographic position for exporting to places like Africa. Another thing is that since relatively low investment is required, firms have been able to use our plants with some success in niche market operations like end of line production runs — the Mini Moke and the Citroën XCV, for instance, or in production test runs like Ford's production here of the P100 pickup for Britain. There will also be the existence of a strong component industry."

The task of helping Portugal's auto-components industry meet the stringent demands of the large Ford/VW operation has fallen to the government agency IAPMEI (Instituto de Apoio as Pequenas e Médias Empresas e ao Investimento), which is designed to promote and safeguard the interests of the country's small and medium-sized businesses. In the case of the Ford/VW plant, its job has been to channel EC development money in the right direc-

tion and to coordinate the growth of a supply industry for the project.

"The companies have responded very well on the whole," says IAPMEI board member Luis Palma Féria. "There is a group of about 90 firms so far in a position to become suppliers. At the moment, 12 have been given Q1 status, having satisfied the

requirement of a reject rate of under 2 percent over a 12 month period, and another 17 should be able to reach that potential with minor adjustments. There should be about 30 suppliers ready by the end of the year. Another 40 or so have a strong possibility of attaining the necessary status."

Peter Collis

Petroleum Company on the Road to Privatization

Petrol, S.A., Portugal's largest company by sales volume, began life somewhat inauspiciously in 1975, forcibly committed to a project that was widely considered to be a white elephant of nightmarish size.

A state company formed by the merger of four oil companies that had been nationalized in 1975 — Sonap, Saco, Cidra and Petrosul — Petrol became the owner at its inception of an aging 300,000 ton-per-year refinery in Lisbon, a 5,000 ton-per-year refinery in Oporto and a refinery at the new Sines industrial site 40 miles south of Lisbon. By 1979, Sines, with a production capacity of 10 million tons per year, was producing 50 percent per year more than the market could absorb.

Although Petrol's refining capacity is still in excess of Portugal's domestic needs, the company has survived its initial difficulties, largely through processing contracts with third parties. At the moment, these operations amount to about 3 million tons per year. Petrol's 15 years of state ownership left it endowed with a privileged market position and a monopoly on refining crude oil. It has managed to consolidate this advantage even after the total abolition of the market quota system over a year ago. With 19 international operators for competition, Petrol still keeps a tight hold on around 50 percent of Portugal's petroleum products market in general and more than 50 percent of the market for gasoline. It has a total of 1,300 outlets, more than double the number of its competitors overall.

"The fact that we have been able to maintain our position is an indication of the profound changes the company has gone through and the changes in business attitudes that have occurred since the market was liberalized," says Mameia Meneses, head of Petrol's marketing and foreign relations department. "You have to remember that the other operators are all interna-



The Sines industrial zone, site of Petrol's refinery, is set to offer new facilities and services.

tionals who don't need to be taught about marketing."

Petrol had difficulty learning to adapt to state ownership in 1976, but coping with a free-market economy may be easier, Ms. Meneses believes. "We have had time to adapt," she says. "The protections have been gradually done away with since 1988, and we have been operating in a completely liberalized market for about a year."

The state will give up its majority holding in Petrol by the end of the year. For the time being, it will retain 49 percent of the company equity, but in a second privatization phase, this holding will be reduced still further. The new owner will be a Portuguese-French consortium headed by France's Total oil company.

Jean Paul Vettier, vice president of Total's refining and distribution division, is guardedly optimistic about the company's future. "Above all, we have to be realistic," he says. "Refinery profit margins are not enormous, and there is a lot of competition. We will have to roll up our sleeves and work together." Plans for the future include a 60 billion escudo (\$43.2 million) investment in new cracking and conversion units at Sines, and a 30 billion escudo modernization of the distribution outlet facilities. Petrol's new ownership will consolidate still further the company's already strong relations with the Angolan national oil company, Sonangol. Total has offshore wells in Angola producing 60,000 barrels per day, and its activities will benefit from an association with Petrol's

well-developed distribution network.

The expansion of Petrol's operations should inject new life into the 2,000 hectare (4,943 acre) Sines industrial zone and deep-water port where Petrol's refinery is located. Sines was conceived in the 1960s as an Atlantic gateway to Europe, and successive governments poured money into port and manufacturing infrastructures that are widely recognized as being among Europe's best, but that have been underused since the facilities opened. The problem has always been private industry's reluctance to invest in the site, despite Sines's potential. PGS, the company now managing Sines, hopes to change this attitude by offering new services and facilities that will be more appealing to business.

SPORTS NBA PLAYOFFS

'Moromania' Rages in Italy, Lo! Gardini Is a Hero Again

By Laura Colby
When Raul Gardini... 'Moromania' rages in Italy...

American Boat Takes 2-1 Lead

The Associated Press
SAN DIEGO — America's... American Boat takes 2-1 lead...



The Blazers' Terry Porter, flying toward the basket between Kevin Johnson (7) and Andrew Lang.

Trail Blazers Edge Suns in 2d Overtime

The Associated Press
PHOENIX, Arizona — The Phoenix Suns have a shot at coming back from their 3-1 deficit in the Western Conference semifinals.

But Danny Ainge of the Trail Blazers is taking the realistic view. "They're not on them yet," Ainge said Monday night after contributing 25 points and a series of clutch shots to Portland's double-overtime 153-151 victory in the highest-scoring NBA playoff game ever.

The dirt could come Thursday night in Portland's Memorial Coliseum, site of Game 5. "We have our backs to the wall," said Dan Majerle, who gave the Suns their last lead at 151-150 with an off-balance 16-footer with 27.3 seconds to go.

Regulation ended at 127-127 and the first overtime wound up deadlocked at 140-140. Clyde Drexler led Portland with 33 points and Terry Porter had 31 points and 14 assists. But Ainge and Kevin Duckworth were the key performers in the late stages.

Porter added one free throw with 3.6 seconds to play but missed the second shot. After a timeout, Majerle's 40-footer was off the mark.

But as part of his severance package, he got to remain head of the Italian America's Cup challenge. His main occupation became Il Moro di Venezia, which was sponsored by Ferruzzi's Montecarlo unit with a budget of \$8 billion (now reported to be reaching twice that amount).

By last summer, Gardini was just another rich European, jetting with his family around the world between his palazzo on Venice's Grand Canal, his ranch in Brazil and his Paris headquarters at the Hotel Ritz.

9 Are Welcomed Into Basketball Hall of Fame

By Malcolm Moran
NEW YORK Times Service
SPRINGFIELD, Massachusetts — After his mother's funeral several years ago, when it was time for his brothers and sister to return to their homes, Al McGuire had a sobering thought.

and three national champions at Delta State in Mississippi, and Nera White, a 10-time most valuable player of the Amateur Athletic Union tournament, became the first woman to be inducted as players.

and K.C. Jones, to consecutive championships in 1955 and 1956. "This may be the part of basketball he loved the most," Woolpert's son, Phil Jr., said Monday.

Penguins Beat Rangers, 3-2

The Associated Press
NEW YORK — Jaromir Jagr did his best impression of Mario Lemieux... and the Pittsburgh Penguins got the best of the New York Rangers.

Hotkey League team's owner, Richard Gordon, late Monday night and reached a parting agreement with the team, said Johnston had three years left on a \$300,000-a-year contract.

SCOREBOARD

BASEBALL

Table with Major League Standings, American League, and National League columns.

HOCKEY

Stanley Cup

Table with Stanley Cup Division, Division Finals, and Western Conference Semifinal columns.

BASKETBALL

NBA Playoffs

Table with Western Conference Semifinal, Pacific Division, and NBA Playoffs columns.

JAPANESE BASEBALL

Table with Central Division and Tuesday's Results columns.

CYCLING

Table with Tour du Pont, Tour du Pont, and Cycling columns.

SIDELINES

3 Arrested in Bastia Stadium Disaster

BASTIA, Corsica (AP) — Three senior Corsican football officials were taken into custody on Tuesday over the stadium disaster last week in Bastia.

Laettner to Join U.S. Olympic Team

SPRINGFIELD, Massachusetts (AP) — Christian Laettner of Duke and Clyde Drexler of the Portland Trail Blazers were added Tuesday to the U.S. Olympic basketball team.

Johnson Gets NBA Rookie Honors

NEW YORK (AP) — Larry Johnson, made the top pick in the National Basketball Association by the Charlotte Hornets last June, was named the league's Rookie of the Year on Tuesday.

Dunleavy Quits Lakers to Go Back to Bucks

INGLEWOOD, California — The Los Angeles Lakers, the National Basketball Association's glamour team that lost players to illness and injury, lost their coach Tuesday when Mike Dunleavy resigned to return to the Milwaukee Bucks.

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Vertical advertisement for 'Tragedy - Scene in Bastia' with a cartoon illustration.

Vertical advertisement for 'There's Food in Me' with a cartoon illustration.

OBSERVER

Where Was the Butler?

By Russell Baker
NEW YORK — In the good old murder-mystery days the butler did it. Yet he still hasn't even been hauled in for questioning in the Los Angeles case. He's the only one who hasn't.

his bed. Why try a man like this? It could end in another day of the locust, and the object now is to forget the last one with a maximum of obfuscation and a minimum of expenditure.

By William Grimes

NEW YORK — Broadway beckons at the Museum of the City of New York, where a long-running exhibition chronicles more than a century of the city's musical theater.



Director Robert R. Macdonald denies that the collections suffer from neglect.

"They were warped and filthy," she said. "They require major restoration. The curator who showed me the paintings said, 'You think this is bad, you should see the costume collection.'"

"Broadway: 125 Years of Musical Theater," an exhibition sponsored by IBM last year, calling it "the largest theater exhibition ever held in this city."

PEOPLE

Brodsky's Topical Play Ends His Laureate Year
Joseph Brodsky, the Russian poet who became the United States' poet laureate, is ending his one-year term with a satirical play called "Democracy."

The Card Collector's Prize Guide landed an exclusive interview with H. Norman Schwartz and got the lowdown on the retail general's card-collecting past.

Theater award season rolls on in New York. The Drama Critics' Circle named "Dancing at Lughnasa" by Brian Friel the best play of the 1991-92 season.

Emily Lloyd, New York City's new sanitation commissioner, passed up the usual City Hall out-taking ceremony. Instead, Mayor David N. Dinkins swore her in at the District 17 and 18 sanitation garage in Brooklyn's Canarsie district.

U.S. Res... Contin... Modest Figures... Small Rises in... Easier Fe...

TODAY'S BUSINESS MESSAGE CENTER
Appears on Page 19

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